CONTENT OF SILVER COINS

HEARINGS

BEFORE THE

COMMITTEE ON BANKING AND CURRENCY
UNITED STATES SENATE

EIGHTY-EIGHTH CONGRESS

SECOND SESSION

ON

S. 2671

TO REDEFINE THE SILVER CONTENT IN SILVER COINS

APRIL 1 AND 2, 1964

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WEDNESDAY, APRIL 1, 1964

U.S. SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C.

The committee met, pursuant to call, at 10:04 a.m., in room 5302, New Senate Office Building, Senator A. Willis Robertson (chairman of the committee) presiding.

Present: Senators Robertson, Douglas, Clark, Neuberger, McIntyre, Javits, Simpson, and Dominick.

The CHAIRMAN. The committee will please come to order.

Senator DOUGLAS. Mr. Chairman——

The CHAIRMAN. The Senator from Illinois.

Senator DOUGLAS. I hope the chairman and the other members here will forgive me, but before we get to the business of the meeting there is a statement which I should like to make.

Over 2 weeks ago, on Monday, March 16, the Production and Stabilization Subcommittee reported S. 750, the truth-in-lending bill, to the full Banking and Currency Committee. At that meeting of the subcommittee, the chief clerk of the committee was requested by me as chairman of the subcommittee to set a date for an executive session of the full committee to consider S. 750. I confirmed that request to the chairman in a telegram on March 16 and submit for the record a copy of that telegram.

(The telegram follows:)

MARCH 16, 1964.

Hon. WILLIS A. ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Washington, D.C.:

As you probably know, subcommittee voted this morning to report S. 750 to the full committee with amendments. In view of the prospective tieup because of the prolonged debate on civil rights may I urge you hold meeting of full committee this week to consider this bill. I have talked about this with Mr. Hale and have asked him to clear specific date with you.

Best wishes.

PAUL H. DOUGLAS, *U.S. Senator.*

On March 17, the chairman wrote to me indicating that it was his opinion that the committee should be given more time to study the subcommittee's hearings on the truth-in-lending bill and the changes which the subcommitte had made in the bill. In addition, the chairman indicated that he wished to consult with Chairman Martin of the Federal Reserve Board again on certain aspects of the bill.

More than 2 weeks have now passed. Everyone involved has had adequate time to read the hearings and to study the subcommittee's recommendations on the truth-in-lending bill. The hearings have been published for something over 3 weeks.

I may say that Chairman Martin has already answered the 83 questions which the chairman had previously sent to him for his consideration some time ago. I think I extended every courtesy to the chairman in delaying consideration of the bill while the requests had been made from the chairman over and over again to obtain the views of various Federal agencies.

Last week I received a request from the chairman that the committee waive its rules and merely poll the members on the consideration of the banking bill, a bill I might add that was important or controversial enough, in my opinion to require hearings.

I certainly understand the desire of the chairman to avoid any executive session of the full committee. However, I do not believe the committee can continue to operate indefinitely without holding executive sessions. The committee work cannot, in my judgment, be done indefinitely by mail.

Frankly, today I was surprised to learn that, contrary to the previous position of the chairman, the full committee is now scheduling not only one but two meetings this week to hold hearings on S. 2671, a bill that was referred to the committee only Monday, March 30. I am sure that this bill must be important to deserve such privileged treatment, as important, I am sure, as the nomination of Mr. Randall, a Republican nominee for the FDIC. There was an executive session which was arranged within a few hours after the receipt of his nomination a few weeks ago.

However, I must state openly and for the record my conviction that the committee can no longer continue to be run in such a way as to favor those actions which the chairman and others favor and to hinder any matters which I and others who feel similarly with me favor and which others oppose.

The present procedures or rules of the Banking and Currency Committee as guidelines for us to follow seem to change from week to week and from month to month. These latest episodes only reinforce my conviction that the committee must act on and either vote up or down some rules governing committee procedure.

I understand, of course, the personal feelings of the chairman about S. 750, the truth-in-lending bill. I have every respect for those personal feelings of his. However, I would be distressed if these views interfere any longer with the scheduling of bills before the full committee. I only ask for the same courtesies and prerogatives in the consideration of S. 750 that the chairman has extended to the bills which the commercial banks are urging, the nomination of Republicans, such as Mr. Randall, and the silver bill which was received by the committee yesterday.

The truth-in-lending bill has been endorsed by President Johnson in his consumer message to the Congress earlier this year. In addition, the President's Special Assistant on Consumer Affairs has urged the chairman to hold an executive session to consider S. 750 in full committee at his earliest possible convenience. I hope we can agree right now on a date next week for the full committee to meet and to pass upon S. 750. Otherwise, I should be compelled to protest at the holding of this meeting, although I do this with great reluctance.

The CHAIRMAN. The Senator from Illinois can file any protest he wishes. Under our Bill of Rights every citizen can take that action

if he pleases, even though he is 100 percent wrong. One of the weaknesses of our representative democracy is that every Member of the Senate thinks that his pet scheme is more important than anybody else's scheme, and there is an unfortunate tendency on the part of the Senator from Illinois to think that because I have not called an executive session to act on his bill, when it is utterly unworkable in its present form, I am being unfair to him.

Now, I want to call attention to the fact that his bill has been before us for 4 years. We have spent on it $89,000, which is more than any bill has cost the taxpayers since I have been a member of this committee, and I expect in the history of the committee, and that does not include the services of one of our economists whose full time with a few exceptions has been devoted to this euphonious truth-in-lending bill. We have taken 4,300 pages of testimony on the bill. It was before the subcommittee year after year, and only last month did the subcommittee report the bill, and then the man who gave the deciding vote said that if his amendment, which was turned down by the subcommittee and which the patron of the bill said would cut the guts out of the bill, was not adopted by the full committee he would vote against the bill in the full committee.

Now, when I got the telegram—and think of it. Here we have telephones in our offices. Here we meet each other every day on the floor. Here we have special delivery by page of mail. But the taxpayers must pay for a telegram as long as my arm from the Senator from Illinois asking me to provide a quick hearing on his bill.

Now, since we have been on it 4 years and he thinks it is a great deal more important than to hear these Members of the Senate on the silver bill, which we assumed when we went into it would not be controversial but which we have actually found out is controversial, I just wanted to read the letter that I wrote to the Senator from Illinois.

MARCH 17, 1964.

Hon. PAUL H. DOUGLAS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR DOUGLAS: I have received your telegram confirming your previous oral request through the committee clerk, reporting that the Subcommittee on Production and Stabilization voted to report S. 750 to the full committee with amendments and requesting that a meeting of the full committee be held this week on the bill.

In my judgment, it would be unwise and undesirable to act on this bill with such precipitate haste. I think it would be an imposition on the members of the committee to consider this bill without an opportunity to review the testimony on the bill and the amendments made by the subcommittee.

Vital and pertinent testimony in opposition to your bill was given by witneses at the hearings held in New York and in Boston. These out-of-town hearings were authorized by the full committee on July 17, 1963. The hearings were held in New York on August 16 and 17, in Pittsburgh on August 23, in Louisville on August 24, and in Boston on November 22 and January 11.

Incidentally, those were the only out-of-State hearings that I have ever authorized since I have been chairman. It cost nearly $5,000, irrespective of the tremendous cost of having all that testimony printed, which nobody has read. And I also went to the extent of having some college professors brought in here several years ago for testimony that nobody has ever paid any attention to and they could have just as well mailed it in if they did not want to come. I paid

their expenses in here at the request of the Senator from Illinois, who said it was so vital, and that these college professors could not afford to come here and we ought to pay their way. So we paid their way, and as I say we spent $89,000 on a bill that has the united and violent opposition of every financial institution in the Nation. All the banks, all the lending agencies, all the merchants who extend credit are all bitterly opposed to it.

I will go ahead and read why I cannot call an immediate meeting:

The printed record of the hearings was not available until the first week in March, 2 weeks ago. Not all the members of the subcommittee had an opportunity to examine the 1,676 pages of these out-of-town hearings, and I understand that this testimony has not been read by any member of the committee who is not on the subcommittee. A bill that has been pending for 4 years, on which 4,378 pages of testimony has been taken, and which has been reported from the subcommittee by a majority of one, cannot be considered responsibly on 2 or 3 days' notice, or within the time limitations under which we must operate this week and the coming weeks.

In other words, we would meet at 10 o'clock on the floor and could not take up anything while the Senate was in session, and here is a bill with hearings that you could not put your hand around, pending for 4 years, and which the Federal Reserve Board told me it could not possibly operate without amendments and with so many regulations that it would take them weeks and months to prepare. He wanted me to bring the committee in here and in 30 minutes, when nobody has read the record, vote it up or down.

I went on to say:

S. 750, as introduced, provided that the Federal Reserve Board would administer its provisions. The Federal Reserve Board has taken the position that the administration of the bill would not constitute an appropriate activity for the Board because the bill is designed to regulate trade practices and is not related to the Board's primary functions in the field of monetary and credit regulation through the banking system. This position was endorsed by President Kennedy, and all administration reports on the bill recommend designation of the Federal Trade Commission, not the Federal Reserve Board, as the administering agency, including the most recent reports of the Federal Reserve Board and the Federal Trade Commission of February 17 and 18, 1964. The Federal Trade Commission, as the prospective administering agency, recommended that it be given authority to enforce regulations under the act by cease-and-desist orders or otherwise, and advised that other amendments of a technical nature, not disclosed in its report, would be necessary.

In view of the fact that the subcommittee, in reporting S. 750 to the full committee, did not accept President Kennedy's recommendation to place administration of the act in the Federal Trade Commission, but instead left it with the Federal Reserve Board, I am today asking Chairman Martin for recommendations of the Federal Reserve Board as to amendments in the light of the fact that the Board would be forced to administer the bill. I enclose a copy of my letter to Chairman Martin.

You are aware, of course, of my strong opposition to the bill. I consider it unnecessary, because the States can regulate the disclosure of credit terms as well as they can regulate other matters relating to credit—and all States have some legislation in this field. I consider it undesirable because I think this is a field which should be left to the States under the Constitution. I consider the bill unworkable and likely to lead to disastrous results because of its effects upon the many State laws in the field.

Nevertheless, I intend to cooperate with you to bring the bill before the full committee in plenty of time for action this session, with the expectation that, when the members of the committee have had an opportunity to review the extensive hearings, the bill will be rejected by the committee. I do not, however, feel that it would be fair to the members of the committee to expect them to consider a bill of this sort on 2 or 3 days' notice under severe limitations of time.

(The letter to Chairman Martin follows:)

U.S. SENATE,
COMMITTEE ON BANKING AND CURRENCY,
March 17, 1964.

Hon. WM. McC. MARTIN, Jr.,
Chairman, Board of Governors,
Federal Reserve System,
Washington, D.C.

DEAR MR. CHAIRMAN: I enclose a copy of a committee print of S. 750, dated March 17, 1964. This committee print reflects the changes made by the Subcommittee on Production and Stabilization in reporting the bill to the full committee at the subcommittee's meeting on March 16, 1964.

You will note that this committee print of S. 750 leaves in the hands of the Board of Governors of the Federal Reserve System the duty and responsibility of administering its provisions.

In view of the fact that your previous reports on this bill have been made on the basis of the administration position determined by President Kennedy that the bill should be handled by the Federal Trade Commission, not by the Board, I should like to ask for a prompt report from you as to any amendments which the Board feels it would be desirable to make in the event that administration of the bill is placed in the Board.

In this connection it seems appropriate to point out that the Federal Trade Commission, in its comments on the proposed bill, recommended that the authority to issue cease and desist ordes should be included and suggested the desirability of other technical amendments not specifically described.

In view of the fact that the full committee has been asked to hold an executive session on S. 750 at the earliest practicable date, I should appreciate it if you would reply as promptly as possible.

I enclose a copy of a letter I wrote today to Senator Douglas telling him that action on his request for an executive session on S. 750 would be delayed until after your report has been received.

With kind personal regards, I am,

Sincerely yours,

A. WILLIS ROBERTSON, *Chairman.*

Now, we have not received that report. When that report has been received, I am going to call a meeting of this committee, but not before. The Senator from Illinois can make all the protests about this meeting here today. I do not know on what basis he has got a right to object to it. He can get all the publicity that he thinks he can get on his own bill in any way he sees fit. I make the prediction that when the committee votes on the bill it is going to lay it on the table and kill it, and that's what it should do, because in addition to being highly unworkable and objectionable it is absolutely unconstitutional. Now, I have not gone into that because I did not think it was necessary, but if it ever got on the floor of the Senate we would take up that phase of it. The Federal Government has no right to put that kind of a burden and pass control of that kind of burden on the States. That is purely a State matter.

Incidentally, no State during the 4 years that this proposal has been pending before us has seen fit to enact a law of this kind, and I predict never will, because they have got some regard for the financial institutions and some regard for the merchants of the State.

I say again I resent very much this attack on me this morning, and if the Senator from Illinois keeps up this method of approach I will go into more details of what is involved in this matter.

Senator DOUGLAS. Mr. Chairman, may I have the privilege——

The CHAIRMAN. You certainly have the floor, and you can keep it until the time for this hearing is over if you wish.

Senator DOUGLAS. I have no intention of doing that, Mr. Chairman. I merely want to point out that all I am asking is that a full committee hearing be held on this bill rather speedily. The hearings have been printed now for nearly a month and are available for study. The subcommittee made its report slightly over 2 weeks ago and made amendments. The revised text is ready.

The chairman may be correct that if it is submitted to the full committee it will be defeated. I hope not, but I think the full committee should have a chance to vote on it. What I objected to was not the opposition of the chairman—he has a perfect right to oppose it—but his apparent tendency to prevent it from coming to a vote by methods of delay, and while I have the greatest respect for the Senators proposing this bill—indeed, affection for them, and plan to vote for the bill now before us—I felt that it was somewhat unusual for a bill which had only been introduced on Monday to be given consideration by the full committee on Wednesday, when this other matter which has been before us for a long time, upon which hearings have been held—I don't think the expense has been quite as great as the chairman states—and upon which a favorable report has been made by a subcommittee—that is the essence of the whole thing.

I think there are deeper issues involved; namely, whether a chairman can pocket a measure and prevent it from coming to a vote.

I would like to make this request to the chairman in all good spirit: Why not have a meeting of the committee next week, as I requested, to pass on the bill?

The CHAIRMAN. The chairman has stated, and will restate, that as soon as he gets the very essential report from the agency that the Senator from Illinois wants to administer the bill, and which has informed the chairman in its present form it could not make it work, he will call a meeting to act on the bill in the light of that agency's recommendation. Until that recommendation is received, the chairman will not call a meeting of the committee, because it would be unfair to the members of the committee to vote in ignorance of what the Federal Reserve Board is going to say about the bill.

Senator DOUGLAS. Of course, you know the chairman has testified on numerous occasions that he favored the principle of the bill. He wants the Federal Trade Commission to administer it. That is the only difference which is involved. The chairman earlier submitted a list of 83 questions upon which he wanted the information of the Federal Reserve Board and which seemed to me to go into every issue under the sun, and the Federal Reserve Board replied in great detail. And that also is a matter for the committee.

The CHAIRMAN. The chairman is not prepared to answer for the Federal Reserve Board, but he happens to know we will give the Senator from Illinois a hearing on his bill as soon as we get this essential information from the Federal Reserve. And the same thing about this monetary bill. We are not going to act on this bill until we get a report from the Treasury Department, which we have not received. But it did appear to be some little difference between a bill that had been before a subcommittee for nearly 4 years and they could not get it out because of the terrific opposition, and a bill that we

were led to believe—we found out now we may have been mistaken—led to believe there would not be any objection to. There was an emergency, because evidently we could not in propriety ask the Appropriations Committee to appropriate money to mint silver dollars that were going to be worth more melted down as silver than they were worth as currency, and as I said on the floor I, for one, did not want to turn the Treasury into a silver mine, with the only equipment needed a 2-ton truck to haul the silver dollars away.

Now, we know that 1.293 of silver is the break-even point on the value of a dollar. It still does not pay to melt them down. You have got to carry it to some mint to do that and ship them and all, but if it keeps going up it is going to be profitable to melt the silver dollars down, and that is one phase of it. Another phase, of course, was the fact that there was a great shortage of small coins, and the House said that priority should be given to small coins. They were needed by merchants when they had to impose sales taxes—and 28 States have them—and they were needed by vending machines, and there are over $2 billion invested, and the banks are paying a premium. They have small money as change sent in to them, and it is a great problem. And the leadership—and naturally I do not vote with the leadership on some of the economic problems, but there has never been an administration bill sent to this committee that I did not give them a chance to act promptly on.

Senator DOUGLAS. This is an administration bill, you know.

The CHAIRMAN. It is mighty close to being it when your majority leader is one of the principal proponents and he asked as a special favor, first on the floor——

Senator DOUGLAS. I mean S. 750 is an administration bill.

Senator CLARK. Mr. Chairman, could I——

The CHAIRMAN. You said S. 750 is what?

Senator DOUGLAS. The truth-in-lending bill is an administration bill.

The CHAIRMAN. It never has been so brought to my attention that it is an administration bill. It had endorsement, if it was changed, in a vague sort of way by President Kennedy, and it has been endorsed in a vague sort of way by President Johnson, but it was never sent up to me as an administration bill. I never heard of it until the Senator from Illinois had introduced the bill, and then one way or another he got some halfway endorsement. He has never gotten a full report from any agency endorsing his bill in toto without amendment, never.

Senator CLARK. Mr. Chairman——

The CHAIRMAN. Will you please let me finish. I think there is some little difference between a proposal sent to us which had to be acted on promptly if it was to be of any help in getting an appropriation. What the representatives of the Mountain States that like silver dollars want is not primarily a cut in the silver content of the dollar. They want the dollars, and they think that it would help them to get the dollars if the Congress would put through a quick bill changing the silver content of their dollars, so that if through other processes the price of silver should take a big jump the silver in the dollar would

not suddenly become worth far more than the monetary value of the dollar itself. That was the assumption on which we proceeded.

Now, as to today, it is true this meeting was set for tomorrow, when I said I had to give the witnesses some little chance to get ready. Then two of our Senators said, "We have a meeting in our home State of 2,500 people." I said, "That must be about half of Nevada." It is a rally with 2,500 people. In Virginia at the Jefferson-Jackson day dinner we all chip in $25 for the party funds, and a little stays in the State and the other goes to the national committeee. So they said they wanted to be there, and one of them is to be honored at that meeting. Well, I said that under those circumstances I will take the responsibility of just saying, "We will let you lead off, and we will call a meeting for 10 o'clock Wednesday morning in order that you may be heard."

Now I will yield to the Senator from Pennsylvania if he wants to discuss truth in lending until the time is up.

Senator CLARK. Mr. Chairman, I regret very much as a member of this committee, and to some extent I resent, the comments which have been made in the last few minutes by the chairman, and the quite unwarranted attack made on our colleague, the Senator from Illinois.

I shall be very brief. I have no intention of holding up this hearing further. To me the issue is one of orderly procedure, fairness, justice, majority rule, power of the chairman, the fact that the chairman made a personal issue some months ago of the proposal I made to have orderly and fair rules of procedure adopted by this committee. At that point I yielded and said I would not put forward those rules because the chairman took that, as I am afraid he is taking more and more matters, as a personal issue. And I would plead with him to let this committee go about its business in an orderly way.

The truth-in-landing bill is entitled to a final vote by the committee after 4 years. I have no objection to this hearing. I just want to state for the record that the issue to my mind is not the truth in lending bill. It is not the silver bill. It is a question of orderly procedure, majority rule, fair rulings by the chairman, and an opportunity for the committee to vote on the bill which has had hearings for 4 years.

The CHAIRMAN. That is right, and I remember very well the proposal of the distinguished Senator from Pennsylvania. He proposed a rule different from any rule that had ever been in the Senate since the Senate was organized. He offered it in order to get fair rulings. He offered it as a direct criticism of the chairman. Just after he found out he was licked he yielded. You bring the same issue up again—the chairman isn't fair. If you could have gotten your ruling changed you could have taken charge of this committee long ago, you thought, and the chairman wouldn't have any voice any longer in the proceedings. Now you say I have been unfair to the chairman of the subcommittee, when he has had it before his own subcommittee and could not get it out for nearly 4 years. Finally he got it out by one majority vote, and that man said, "If you don't take the amendment that I am proposing," and which the chairman of the subcommittee said would cut the heart out of the bill, "I shall vote against the bill in the full committee." That is the only way he got it out.

And, as I have said, as soon as we can get the ruling I will call an immediate meeting of this committee, except I am not going to call it for 7 o'clock in the morning or 8 o'clock in the morning because there would not be anybody here. But if we can continue as now to meet at 11 o'clock, I will call it at 9:30, which is as early as I can hope to get a quorum, and take up the Douglas bill, and we will vote on it on its merits. And, as I say again, until that time it is not fair to the committee that I ask them to vote on the bill until they know the recommendations of the agency that has got to administer it.

Now, I prepared a little opening statement about what is involved today, but I do not want to take the time now to read it because we might as well not have called a meeting if we are not going to let these two Senators testify before they have to get the plane home.

Without objection, I will put my statement in the record to be followed by the bill, S. 2671.

(The statement and the bill referred to follow:)

The committee is meeting today to consider Senator Metcalf's bill to change the content of silver coins from the present alloy of 90 percent silver and 10 percent copper to an alloy of 80 percent silver and 20 percent copper. Since it is, I understand, the intention to retain the present sizes of silver coins, the proposal would reduce the quantity of pure silver in each of our silver coins.

The bill would make changes in laws and practices almost as old as the country. The 90-percent silver and 10-percent copper alloy for silver dollars was prescribed by an 1837 statute, while the alloy and the silver content of subsidiary silver coins has been unchanged since 1873. The silver content of the silver dollar—371¼ grains of pure silver—has remained unchanged for 170 years, since the act of April 2, 1792, which accepted the recommendation of Alexander Hamilton in his report of January 28, 1791, on the establishment of a mint.

Silver was once a so-called precious metal, useful only for coinage, silverware, and jewelry. With the coming of the electronic and space age, silver has become far more precious—in electronics, in photography, in missiles, and other defense uses. The demands for silver have risen, but production has remained constant.

The committee went into this general subject twice last year—once in connection with the proposal to build a new mint at Philadelphia, which was authorized and is now awaiting appropriations; and once in connection with the repeal of the Silver Purchase Acts and the authorization for the new $1 Federal Reserve note.

Our silver dollars and subsidiary silver coins form an important part of our money supply. On February 29, 1964, there were in circulation $459 million in silver dollars, $1.87 billion in subsidiary silver, and $700 million in pennies and nickels. These figures compared with $1.7 in silver certificates, $31 billion in Federal Reserve notes, and some $120 billion in demand deposit money in commercial banks. At the same date, the Government held $1.948 billion in silver bullion. During fiscal 1963, the mint produced 3.6 billion coins, and it is estimated that production in fiscal year 1964 will amount to about 4.1 billion pieces.

It is, of course, vital to the industry and commerce of the country, and to virtually every person in the country, that we should have an ample supply of coins. We must provide the coins needed for our daily purchases and for our wives' daily purchases. And we must remember that our coins are an important part of our overall monetary system, which is vital both to our economic life and to the entire world.

88TH CONGRESS
2D SESSION

S. 2671

IN THE SENATE OF THE UNITED STATES

MARCH 20 (legislative day, MARCH 9), 1964

Mr. METCALF (for himself, Mr. MANSFIELD, Mr. BARTLETT, Mr. BIBLE, Mr CANNON, and Mr. CHURCH) introduced the following bill; which was read twice and referred to the Committee on Banking and Currency

A BILL

To redefine the silver content in silver coins.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, To amend section 321 of title 31, United States Code, by changing "nine" to "eight" and "one" to "two" to read as follows:

"The standard for silver coins of the United States shall be such that of one thousand parts by weight eight hundred shall be of pure metal and two hundred of alloy. The alloy of the silver coins shall be of copper."

II

The CHAIRMAN. We will hear now from the two colleagues from the great State of Nevada. Senator Bible.

STATEMENT OF ALLAN BIBLE, U.S. SENATOR FROM THE STATE OF NEVADA

Senator BIBLE. Mr. Chairman and members of the committee, I am indeed grateful for your courtesy in setting this hearing as you have. I regret that it has caused some problem within your committee. I will try to be brief. This is a complicated and complex problem.

I would like to determine from the chairman whether he plans on meeting beyond the magic hour of 11 or terminating precisely at 11, because as I understand the new rule recently adopted by the Senate it permits us to meet beyond the hour of 11 and during the morning hour.

The CHAIRMAN. I understood that Senator Morse said he will not agree for any committee to be in session after the Senate meets, and that applies to everybody, Appropriations and everything else.

Senator BIBLE. I understood that general observation of the Senator from Oregon, but my point was that I believe the rules as now amended and as adopted by the Senate permit us to continue during the morning hour.

Senator CLARK. The Senator is correct.

Senator BIBLE. I wondered if the chairman planned on continuing during the morning hour, because I could shorten up my speech so my colleague could be heard.

The CHAIRMAN. If the Chair can be assured he is not violating the rules of the Senate, he does not have to speak until tomorrow and he will stay here all day with you.

Senator DOUGLAS. Mr. Chairman, I hope very much we will permit these colleagues——

The CHAIRMAN. The Chair will stay here. He has an appointment, but he will cancel it and we will stay here.

Senator CLARK. It is my understanding that the rule of thumb which has been generally adopted is that until a quorum call is heard by two bells we can assume that the morning hour continues, but of course the clerk of the committee can check that with the floor.

Senator DOMINICK. Mr. Chairman, I am not willing to assume that. We have had a rule all the way through here that we were not going to have any committee meetings going on as long as the Senate is in session. I think the Senator from Pennsylvania is exactly right that this does not apply during the morning hour, but we have to find out what the morning hour is.

Senator CLARK. The Senator is correct.

The CHAIRMAN. We will proceed until we hear the quorum call and find out what it is about.

Senator BIBLE. I do not want to take the full 25 minutes and hear a bell ringing, so I will go along for about 10 or 15 minutes and yield to my colleague.

The CHAIRMAN. You understand you can put it in the record and we will print it.

31-069—64——2

Senator BIBLE. This I understand. I am grateful for such attendance this morning, and I appreciate the members of the committee and the chairman's courtesy in this regard.

On March 21, a week ago Saturday, I joined with Senator Metcalf as a cosponsor of the bill now before the committee. On the floor of the Senate that same day, I stated I was firmly convinced that the minting of silver dollars was necessary. They are, as you know, an important and honorable medium of exchange within our monetary system throughout Nevada and the West.

I also stated that while I had reservations with respect to the effect of demonetization of any one single coin without due regard to our subsidiary coinage, I believe this bill could be used as a vehicle for securing a complete explanation of our Treasury Department's policies with respect to certain practices which I believe to be deplorable.

To be explicit, I pointed to the policy taken by the Treasury Department on March 20, when it finally realized a raid was being made on the silver dollar and issued an order not permitting issuance of more than $60,000 silver dollars to any one person and, in addition, closing the windows except for 2 hours of the working day.

This was soon followed by a Treasury Department order issued by the Secretary of the Treasury on March 25, just 5 days later, announcing silver certificates would be redeemed in silver bullion only. The Treasury Department's release stated in part, and I quote:

> * * * heavy drains by coin collectors and dealers have now reduced the Treasury's stock of silver dollars, which was about 28 million on January 1, to approximately 3 million, virtually all of numismatic value. These silver dollars cannot equitably be distributed by redeeming silver certificates. Moreover, they would not serve any purpose in adding to the supply of circulating coins, since these silver dollars with special numismatic value would be entirely absorbed by coin dealers and collectors.

I find no fault with the Secretary's action, taken on March 25. I do, however, find a great deal of fault with the fact that action was not taken by the Department many months sooner, when anyone who was aware of this situation should have realized that the drain on silver dollars had been going on for many, many months.

Under date of February 20, 1964, I wrote to Treasury officials and requested information relative to our monetary situation. I was advised that, on May 31, 1963, the Treasury held 69,688,192 silver dollars. On February 25, 1964, the Treasury held 25,300,720 silver dollars, a decrease of 44,367,472 silver dollars. Now we find on March 25 of this figure had decreased to approximately 3 million silver dollars. This I submit as evidence that a raid had started many months prior to any Treasury Department action, and I suggest that someone in the Department should have been willing to do a little investigating.

The distinguished chairman of this committee and my colleagues are aware that when the debate was before the Senate on H.R. 5389, the repeal of the Silver Purchase Act, I stated on May 21 of last year that the Silver Purchase Act was outmoded. I believe it was outmoded simply because the price of silver pegged at 90.5 cents per ounce by the Congress, the price for which the Treasury could purchase silver, was actually putting an unrealistic value on the price of silver in relation to our growing industrial coinage and defense needs.

The Secretary of the Treasury had testified that we would face a

shortage of free silver for coinage purposes once the 1.2929 monetary value of the dollar was pierced, and I submitted it was about to be pierced. Today we find this has happened in less than a year.

I requested an answer to a question which simply asked: Are the "other purposes," as described in the bill, designed to create a free market on silver?

I stated I believed the bill as written would permit the Secretary of the Treasury to sell silver bullion, when the market price exceeded 1.2929.

I questioned if the sale of silver would stabilize the market for a period as long as he envisioned—12 to 15 years.

I requested to know if the bill as written would protect our subsidiary coinage—something everyone seemed to agree should be done, including the Treasury Department.

I recalled that the Federal Reserve Chairman had supported the Secretary of the Treasury in his statement that the silver certificates should not be redeemed at a rate of more than 110 million ounces of silver per year or $140 million per year, in order that the drain on our gold supply would not exceed $35 million annually.

I stated flatly then that I did not believe it could be done once the magic figure of 1.2929 was pierced, and predicted that the next step would be the monetary value of our subsidiary coinage. As the committee knows, that is in the range of 1.385, I think, as the exact plateau at which that value would be pierced.

There was no language in the bill which I could find which would protect the United States of America and keep citizens outside the free world from redeeming silver certificates through normal channels of trade and thus cornering our precious stocks of free silver. There is no language in the bill that would do this.

I stated that a drain of one-half billion dollars in gold as a result of letting our silver slip through our hands to forces beyond our control throughout the entire world was a matter of concern, and also stated it would be a matter of even deeper concern if we were to permit a drain of our valuable silver stocks from the U.S. Treasury, the largest known source existing. I did not believe this should be permitted to occur and I have not today changed my mind one iota.

I said then that I believed the Treasury's management practices in recent years of our silver stocks were deplorable. It was evident to many of us that a run was being made on silver as early as 1959, and I pointed to the action taken by our late President Kennedy in stopping the Treasury's bargain store sale of silver stocks at 90.5 on November 28, 1961, as a commendable action to protect our reserves.

The world production of silver then and now will not meet our industrial needs, our coinage purposes, or our defense requirements. I wondered then, and I know now, that someone had already started hoarding our silver, awaiting the day that the basement bargain prices of 90.5 could be sold for 1.29 and a handsome profit realized.

I trust and hope every member of this committee and every Member of the Senate will review the recent testimony given by members of the Treasury staff before the Subcommittee on Appropriations of the House of Representatives. I hope they will review it with the Treasury Department's statements given when the repeal of the Silver Purchase Act was before the Congress less than a year ago.

My main reason for appearing here today is to state very flatly that a complete review of not only our silver policies but our entire monetary policies is absolutely necessary.

Some of the important issues which should now be faced are simply these:

1. Will we permit additional coinage of silver dollars? I believe we should, although it may be absolutely necessary to lower the monetary value. This is a complicated subject and we should seek the best brains of our Nation in testifying on this subject.

2. Should not we take action to protect our silver bullion? I suggest very respectfully, Mr. Chairman, that we set up a strategic stockpile reserve to protect our precious bullion reserves, especially when we consider that last year our defense needs alone totaled 6.2 million ounces. In 1962, 110.4 million ounces of silver were used for industrial purposes, while 77 million ounces were used for coinage purposes. During the same year, the United States produced only 36,345,000 fine troy ounces, while totaled world production exclusive of Russia totaled 215,400,000 troy ounces. In 1963, private concerns in the United States imported 63 million ounces of silver while exporting 32 million ounces for a total net loss of nearly 100 percent.

3. Should we continue to sell silver bullion at the still bargain prices of \$1.3—or should we reexamine the shortage throughout the world and permit a more reasonable price structure to be set on a free market basis without interference of Treasury policy?

4. It is not wise to set enough silver aside now to protect our silver coinage, not only for production of silver dollars but also to protect our cherished silver subsidiary coins?

5. If we are to mint additional silver dollars, and it is my prayerful hope that the Congress of the United States will continue to recognize that this is necessary, would it not be wise to issue these coins whether it be in amounts of \$50 or \$150 million, dated back as "peace dollars," which is the familiar dollar to most people of the West. This is the dollar I hold in my hand, which was minted in 1922, again in 1923, and in subsequent years. The last minting was in 1935, and 277 million of these dollars were minted. It took no special congressional authority to mint these.

I make this suggestion for the consideration of the committee—that if we issue new silver dollars as a "peace dollar" it might very well avoid the one problem that bothers me and I am sure must bother the committee members, and that is that we want it as a medium of exchange and not as a collector's item.

6. I believe it is imperative that the Secretary of the Treasury freeze all outstanding silver certificates now on hand in the Federal Reserve banks, and I want to stress that point, Mr. Chairman and members of the committee, because as of January 31, 1964, just 2 months ago, we had in the Federal Reserve banks \$247,711,428 worth of silver certificates, which could be taken to the Treasury and silver bullion could have been procured for them. Since these are now in the hands of the Federal Reserve banks, since they are now in the hands of the U.S. Government, I think this committee could well consider the possibility of freezing that amount to conserve valuable silver for coinage purposes. There may be other silver certificates, so I am advised, in addition to that number.

I think this point was made on the floor during our discussion, and that is that since the date of the repeal of the Silver Purchase Act until February 20, 1964, six private firms in this Nation withdrew sums in the amount varying from $1,772,925 to $9,002,351, withdrawn by means of the mechanism of the silver certificate, in surrendering for silver bullion. Eight other firms brought the total figure to $31,-264,993 in withdrawal of silver bullion. Included in this amount was $15,518 drawn by the State of Nevada for medallion purposes.

I do not object to redeeming the silver certificates in normal channels. However, I object to a cash check which can be used in lieu of the silver certificate, even though it is my belief that the Treasury Department is taking this silver certificate out of circulation.

Let's make it difficult for those who would speculate with our valuable resources of silver, sources which we now must import to meet our own needs. Let those who desire to speculate turn in a silver certificate for the required amount of silver bullion. Those of us who read the local papers found that once the Treasury elected to pay off in silver bullion, seven-tenths, or whatever the figure is, of an ounce in a small packet, there was very little raid on the Treasury.

I suggest that the United States has a great asset here and it should no longer be dissipated.

The CHAIRMAN. The Chair wants to thank our distinguished colleague for a very interesting statement.

Before I make two brief comments, first I want to make two announcements. First I want to announce that our distinguished colleagues from Pennsylvania and Illinois were quite right in stating that under the Morse formula the committees cannot be in session. We can stay until the morning hour is over, so that is what we are going to do this morning. I am informed now there will be probably be a quorum call at the end of the morning hour.

The next announcement—I hope the Senator from Illinois won't object to my making it public—is that he has been informed that—is it all right to say it?

Senator DOUGLAS. Just as you wish.

The CHAIRMAN. You called the secretary to the Chairman of the Federal Reserve Board and told him that I wasn't going to have a committee hearing on your bill, and he said he put his report in the mail yesterday. I haven't received it, but I will keep my promise to him that—we can't meet tomorrow because we agreed to hear this silver bill tomorrow, and I don't know how long they are going to let us have the committee meetings, up until 11:30 or 12:00; but just as quick as it can be done in justice to the other members of the committee, who are entitled to be here on a very important bill, I shall call a meeting of the full committee.

Now, the distinguished Senator from Nevada said this is a complicated proposal. It certainly is. He said that we are selling silver abroad at a bargain price. Is that correct?

Senator BIBLE. This is right.

The CHAIRMAN. Now, one of the complaints that the chairman heard yesterday was from a representative of the silver users, principally of New England, where it goes so much into silver products, and it was that we are proposing to make an increase in the price of silver through decreasing the silver content of the dollar. Well, I do not know. I

am no expert on that, but I do know that the representative of the biggest silver mine in the United States wants the content cut to fit the percent of silver. At the present time it is 90 percent of silver, about 90 percent—and 10 percent of copper.

We are indebted to a great Virginian named Thomas Jefferson for our decimal system. Otherwise we would have English pennies and shillings and guineas and things of that kind, but instead we have a decimal system which starts at 1 penny and goes up to $1 and above in multiples.

We are indebted to a great New York statesman named Alexander Hamilton, who undoubtedly would have been President of the United States if he had not been murdered by a vicious demagog. Hamilton was the real author of our banking system. He proposed, and the Congress adopted, the Bank of the United States, and he fixed the content of the dollar at 371¼ grains of pure silver, and that was done in 1792, and it has been there ever since.

Then the act that fashioned the dollar also fixed the amount of coins. We did provide in 1937 for 10 percent of copper for the dollar, but the others have never been changed since 1873, and the Senator says that we should review this whole program.

Senator BIBLE. I think the inexorable law of supply and demand is going to compel the committee and the Senate to review this entire situation.

The CHAIRMAN. The Senator was frank to admit that he now finds there is more involved in this bill, when he thought we could make a quick cut like the bill provided from 90 to 80 percent or to 70 or 50 percent. It is just not that simple. It is a very complicated thing, and it is quite apparent that we have got to hear a lot of testimony. It involves the control of money. It involves selling our silver abroad, as you say, at below what the world price would otherwise be. It involves minting these silver dollars. It involves whether we will give priority to the small coins or move in with more silver dollars. There are a lot of issues involved here, and I am so happy that two distinguished Senators from Nevada, where it is a real issue out there from every standpoint, from the production standpoint and monetary standpoint, will have an opportunity to be heard. And we promise them that after we hear the technical reports of the various agencies—and the chairman has no idea what they are going to be. The Federal Reserve Board has notified me it wants to testify. The Treasury, of course, has been, I am informed, studying this program for months, and I asked as soon as the bill was introduced and even before it got to us for a report, and I haven't gotten it yet. I heard yesterday it may be a long time before I do get it, because, as I said about the Douglas bill, I cannot consistently ask our committee to report on a bill until it gets the report of the principal agency involved. But in the meantime I wanted to tell our colleagues that one of my favorite writers, Robert Louis Stevenson, said it is better to travel hopefully than to arrive, and they can report to that big rally of Democrats. I hope they will put up plenty of paper money if they haven't got silver money. That is still good in the campaign. You may not arrive before November, but keep us up there and we will keep plugging for you.

Senator BIBLE. Thank you very much, Mr. Chairman. I want to express my appreciation to the chairman and members of the committee.

(The prepared statement of Senator Bible follows:)

STATEMENT BY ALAN BIBLE, U.S. SENATOR FROM THE STATE OF NEVADA

Mr. Chairman, first of all I wish to extend my thanks to the distinguished chairman of this committee. I am very appreciative of his courtesy in permitting me and my colleagues to be heard here today when hearings were scheduled in advance for April 2. Had I not had a previous commitment, I would not have made the request and I want you to know that I am grateful for your courtesy.

On March 21, I joined with Senator Metcalf as a cosponsor of the bill now before the committee. On the floor of the Senate that same day, I stated I was firmly convinced that the minting of silver dollars was necessary. They are, as you know, an important and honorable medium of exchange within our monetary system throughout Nevada and the West.

I also stated that while I had reservations with respect to the effect of demonetization of any one single coin without due regard to our subsidiary coinage, I believe this bill could be used as a vehicle for securing a complete explanation of our Treasury Department's policies with respect to certain practices which I believe to be deplorable.

To be explicit, I pointed to the policy taken by the Treasury Department on March 20, when it finally realized a raid was being made on the silver dollar and issued an order not permitting issuance of more than $60,000 silver dollars to any one person and, in addition, closing the windows except for 2 hours of the working day.

This was soon followed by a Treasury Department order issued by the Secretary of the Treasury on March 25, just 5 days later, announcing silver certificates would be redeemed in silver bullion only. The Treasury Department's release, stated in part, and I quote, "* * * Heavy drains by coin collectors and dealers have now reduced the Treasury's stock of silver dollars which was about 28 million on January 1, to approximately 3 million, virtually all of numismatic value. These silver dollars cannot equitably be distributed by redeeming silver certificates. Moreover, they would not serve any purpose in adding to the supply of circulating coins, since these silver dollars with special numismatic value would be entirely absorbed by coin dealers and collectors."

I find no fault with the Secretary's action, taken on March 25. I do, however, find a great deal of fault with the fact that action was not taken by the Department many months sooner, when anyone who was aware of this situation should have realized that the drain on silver dollars had been going on for many, many months.

I have constantly been in touch with Treasury officials and it was apparent to me and to those who deal in silver dollars as coin collectors, speculators, and hoarders, that the Treasury was losing its silver dollars many times faster than the normal channels of trade demand. I believe action could have and should have been taken much sooner.

Under date of February 20, 1964, I wrote to Treasury officials and requested information relative to our monetary situation. I was advised that, on May 31, 1963, the Treasury held 69,688,192 silver dollars. On February 25, 1964, the Treasury held 25,300,720 silver dollars, a decrease of 44,367,472 silver dollars. Now we find on March 25 this figure had decreased to approximately 3 million silver dollars. This I submit as evidence that a raid had started many months prior to any Treasury Department action, and I suggest that someone in the Department should have been willing to do a little investigating.

The distinguished chairman of this committee and my colleagues are aware that when the debate was before the Senate on H.R. 5389, the repeal of the Silver Purchase Act, I stated on May 21 of last year that the Silver Purchase Act was outmoded. I believe it was outmoded simply because the price of silver pegged at 90.5 cents per ounce by the Congress, the price for which the Treasury could purchase silver, was actually putting an unrealistic value on the price of silver in relation to our growing industrial coinage and defense needs.

The Secretary of the Treasury had testified that we would face a shortage of free silver for coinage purposes once the 1.2929 monetary value of the dollar was pierced, and I submitted it was about to be pierced. Today we find this has happened in less than a year.

I requested an answer to a question which simply asked: Are the "other purposes," as described in the bill, designed to create a free market on silver?

I stated I believed the bill as written would permit the Secretary of the Treasury to sell silver bullion, when the market price exceeded 1.2929.

I questioned if the sale of silver would stabilize the market for a period as long as he envisioned—12 to 15 years.

I requested to know if the bill as written would protect our subsidiary coinage—something everyone seemed to agree should be done, including the Treasury Department.

I recalled that the Federal Reserve Chairman had supported the Secretary of the Treasury in his statement that the silver certificates should not be redeemed at a rate of more than 110 million ounces of silver per year or $140 million per year. in order that the drain on our gold supply would not exceed $35 million annually.

I stated flatly then that I did not believe it could be done once the magic figure of 1.2929 was pierced, and predicted that the next step would be the monetary value of our subsidiary coinage.

There was no language in the bill which I could find which would protect the United States of America and keep citizens outside the free world from redeeming silver certificates through normal channels of trade and thus cornering our precious stocks of free silver.

I stated that a drain of one-half billion dollars in gold as a result of letting our silver slip through our hands to forces beyond our control throughout the entire world was a matter of concern, and also stated it would be a matter of even deeper concern if we were to permit a drain of our valuable silver stocks from the U.S. Treasury, the largest known source existing. I did not believe this should be permitted to occur and I have not today changed my mind one iota.

I said then that I believed the Treasury's management practices in recent years of our silver stocks were deplorable. It was evident to many of us that a run was being made on silver as early as 1959, and I pointed to the action taken by our late President Kennedy in stopping the Treasury's bargain store sale of silver stocks at 90.5 on November 28, 1961, as a commendable action to protect our reserves.

The world production of silver then and now will not meet our industrial needs, our coinage purposes, or our defense requirements. I wondered then, and I know now, that someone had already started hoarding our silver, awaiting the day that the basement bargain prices of 90.5 could be sold for 1.29 and a handsome profit realized.

I agreed that substitution of Federal Reserve notes for silver certificates, even at that late date was necessary; but I did not agree that our Treasury should be raided of its silver dollars or its bullion.

I objected to the fact that the Secretary of the Treasury was permitted to sell our stocks of silver bullion once the market price rose above 1.2929.

I trust and hope every member of this committee and every Member of the Senate will review the recent testimony given by members of the Treasury staff before the Subcommittee on Appropriations before the House of Representatives. I hope they will review it with the Treasury Department's statements given when the repeal of the Silver Purchase Act was before the Congress less than a year ago. I have personally found several inaccuracies. I do not set myself up as a prophet, nor do I believe one can foresee all of the problems which exist within our monetary system.

My main reason for appearing here today is to state very flatly that a complete review of not only our silver policies, but our entire monetary policies, are absolutely necessary.

Some of the important issues which should now be faced are simply these:

1. Will we permit additional coinage of silver dollars?

I believe we should, although it may be absolutely necessary to lower the monetary value. This is a complicated subject and we should seek the best brains of our Nation in testifying on this subject.

2. Should not we take action to protect our silver bullion? I suggest we set up a strategic stockpile reserve to protect our precious bullion reserves, especially when we consider that last year our defense needs alone totaled 6.2 million ounces. In 1962, 110.4 million ounces of silver were used for industrial purposes, while 77 million ounces were used for coinage purposes. During the same year, the United States produced only 36,345,000 fine troy ounces, while total world production exclusive of Russia totaled 215,400,000 troy ounces. In 1963, private concerns in the United States imported 63 million ounces of silver while exporting 32 million ounces.

This is the space age not the ice age.

3. Should we continue to sell silver bullion at the still bargain prices of $1.3—or should we reexamine the shortage throughout the world and permit a more reasonable price structure to be set on a free-market basis without interference of Treasury policy?

4. Is it not wise to set enough silver aside now to protect our silver coinage, not only for production of silver dollars but also to protect our cherished silver subsidiary coins?

5. If we are to mint additional silver dollars, and it is my prayerful hope that the Congress of the United States will continue to recognize that this is necessary, would it not be wise to issue these coins whether it be in amounts of $50 or $150 million, dated back as "peace dollars," when such issues were minted in amounts of nearly $250 million and which are now considered as not being of value to hoarders and coin collectors?

Surely all of us realize that, if we mint a small amount of silver dollars and use a new design with a 1964 date, they will disappear just as quickly as the Kennedy half dollars are now disappearing. The House testimony states that "commencing in 1922, 277 million peace dollars were minted and no special congressional authority was required for the change in design in the silver dollar (which has been unchanged since 1878)." This, it seems to me, is worth exploring, and, if it is possible, we should use dates which were issued at that time, namely 1921 through 1928 and 1934–35.

6. I believe it imperative that the Secretary of the Treasury freeze all outstanding silver certificates now on hand in the Federal Reserve banks. The last official figure I have on this amounts to $248,711,428 as of January 31, 1964. Freezing of these certificates would certainly conserve valuable silver for coinage purposes. I am also advised other stocks of silver certificates may be on hand ready for issuance or for replacement of wornout silver certificates when they come into our Treasury.

I would like this committee to secure these figures and perhaps give consideration to a recommendation to freeze them. If additional legislation is needed, and I expect it will be, due to the language in Public Law 88–36, then I suggest amendments be studied and drawn to correct this situation.

Mr. Chairman, I doubt the wisdom of permitting money orders, drafts, or other sources commonly used as mediums of exchange to be used to obtain silver bullion from our Treasury.

The recent study which I had prepared by the Treasury on March 2, 1964, showing redemption of silver certificates in bullion from the time of the repeal of the Silver Purchase Act until February 20, 1964, lists six firms in this Nation as withdrawing sums in amounts varying from $1,772.925 to $9,002.351. Eight other firms brought the total figure to $31,264.993 in withdrawal of silver bullion. Included in this amount was $15,518 drawn by the State of Nevada for medallion purposes.

I do not object to redeeming the silver certificates in normal channels; however, I object to a cash check which can be used in lieu of the silver certificate, even though it is my belief the Treasury Department does take this silver certificate out of circulation. At least it is my hope it is retired and, if it is not, this is a matter which should be explored for, if such practices continue, we will have no silver bullion now that the silver dollar has all but disappeared.

Let's make it difficult for those who would speculate with our valuable sources of silver—sources which we now must import to meet our own needs. Let those who desire to speculate turn in a silver certificate for the required amount of silver bullion, $1 worth based on our monetary value.

Thank you again for your courtesy and your patience.

The CHAIRMAN. Now we will hear from your distinguished colleague.

STATEMENT OF HOWARD W. CANNON, U.S. SENATOR FROM THE STATE OF NEVADA

Senator CANNON. I want to express my appreciation to the chairman and members of the committee in agreeing to hear my distinguished colleague and we today on this matter, for the reasons that the chairman has already stated. I must say I agree completely with

my colleague and distinguished chairman of this committee that this is a complicated bill and problem. However, I think the chairman brought it well into focus a little earlier when he said it seemed rather inconsistent that we try to press for an appropriation to mint silver dollars if the silver content is going to be such that the dollars will immediately be taken as an item of hoarding or to be melted down for the silver in them. Therefore, this is one approach to be studied and considered, because the silver dollar does have more silver content in it than do two half dollars and, therefore, it would seem to me that perhaps the content of the silver dollar could be reduced consistent with twice the content of a half dollar, without disturbing the monetary problem.

I am going to be very interested in seeing what the Treasury has to say on this matter and reviewing all of the testimony that is presented to the committee.

I am most appreciative of the opportunity to appear to present my views and the views of my State on a matter which we consider of very prime importance.

I cannot overemphasize the gravity with which citizens of my State and the Western States generally view the prospect that there may be no more silver dollars. I will not burden you with a detailed chronology of the unique role which silver has played in Nevada's 100 years of statehood. Like Montana, we are the Silver State, and silver has been an integral part of our commerce in every form of trade as well as tradition.

I have pointed out in previous testimony to the House Appropriations Subcommittee on the Treasury that it costs $9.20 to manufacture 1,000 $1 bills and $12.50 to mint 1,000 silver dollars. If one computed the 30-year life of a silver dollar and the 18-month usability of its paper counterpart, it would become apparent that approximately $26 million can be saved by minting the number of silver dollars asked by the Treasury Department. I refer to the supplemental fiscal year 1964 request and the regular fiscal year 1965 request which totaled 150 million silver dollars to be minted at a cost to the Treasury of $1,975,000.

By a narrow margin, the House of Representatives expressed itself as concerned with the shortage of silver and expressed their position that we should, for the present, discontinue the minting of additional silver dollars.

The reasons expressed by our colleagues who oppose the additional minting are that silver bullion is in shorter supply than hitherto and that the actual silver content of a silver dollar at today's market price is approaching the point where any further rise would make it profitable to melt the silver dollars for their metal content, as the chairman has so well pointed out.

Mr. Chairman, frankly stated, there unquestionably is some merit to the concern that has been expressed. It is not only conceivable, but likely, that hoarding and speculating based on an anticipated rise in the price of silver has removed tens of millions of silver dollars from normal trade and commerce.

The purpose of Senate bill 2671 is to redefine the silver content in silver coins by a suitable alteration of section 3514 of the Federal statutes in such a manner as to reduce the silver content of the coin from

nine-tenths silver to eight-tenths silver. This would approximate the present ratio of silver to alloy in the 50-cent piece. It would assure an end to the hoarding because of silver content.

Perhaps there are other solutions which ought to be considered, but I find no fault with this amendment; in fact, I think it is absolutely necessary to preserve the integrity and world confidence in the monetary system of this country.

It seems to me that the world was watching the events of recent weeks for a sign of loss of confidence in the American dollar. We should not permit these doubts to remain by abandoning silver dollars, and S. 2671 is an important step in restoring public confidence in a hard money system.

There are no gainsaying new problems which have arisen from the growing need for silver in industry and commerce. Our population is growing and automation is an increasingly serious technological factor. Silver consumption is on the upswing in photography, electronics, and in coins for mechanized merchandising, as was so well pointed out by Senator Bible just a few moments ago. The supply of silver, including salvage and new sources, has not kept up with demand, and the Congress should address itself to the problem of encouraging mining in my State, which gave the country an enormous treasury in silver in past years. The encouragement of mining should be used to provide at least a part of the solution.

Mr. Chairman, this situation cannot be permitted to go unanswered. Redeeming a $10 bill for $7.05 in silver in 1960 may not have interested as many people as redeeming the $10 bill in 1964 for $10 in silver, and I am referring to the respective value of the silver in the redemption process as of those times, which might conceivably become worth even more—conceivably, but not probably, because the Congress authorized the Secretary of the Treasury to dispose of silver freely if the market price should exceed its monetary value. The Secretary is in a position to do that today, but will he be able to do that tomorrow or the next year or the year after? Senator Bible has stated this well in suggesting a reserve be set up so that we have a stockpile to meet just this type of situation.

The budget estimates indicate a slow upswing in the number of pieces of new paper currency which is placed at 2.3 percent increase in 2 years. This is less than the growth in population and far less than the growth in trade. This slow increase in demand is the likely result of many factors, such as the use of credit cards, charge accounts, and so forth, to replace coin and paper in closing consumers' purchase transactions.

At the same time that the demand for paper money is increasing slowly, the demand for silver coins has risen sharply. Silver money fulfills many purposes for which paper and credit are inadequate.

The proposed minting recommended by both President Kennedy and Johnson would give the Treasury enough coins to mint about 3 years demand at the full-year 1963 rate. It would use less than a third of the silver which is expected to be released from the stock which had backed $1 bills. The new coinage would enlarge the number of outstanding silver dollars by more than 30 percent and, in my opinion, would result in bringing an end to hoarding and speculation, particularly if the suggestion of Senator Bible were

followed, where the coins were to be minted in a form that would not make them collector's items and take many of them from the market in that manner.

This bill would strike a blow at speculators and hoarders who have been buying silver coins in thousand dollar bags. Many individuals have bought as many as $300,000 each; and I am reliably informed that some persons purchased more than $1 million worth of silver dollars individually. Those are individual persons I am referring to now. I had a visit with a member of one of the banks here in town, who had contacted one man to try to fill a request from a bank that wanted to purchase a million dollars worth of silver in dollar form.

Mr. Chairman, the new coinage will continue to give the United States a dollar which is almost unique in the history of the country—a full weight coin, the face value almost equal to the silver contained in it, a coin circulating in large volume, yet not at all likely to limit the Treasury's capacity to supply silver for subsidiary coinage or for industrial users who redeem silver certificates. And I want to associate myself with the suggestion made by Senator Bible that the Federal Reserve Board or Treasury should take steps to take from the market the silver certificates that are now in the hands of the banks and not put these back in circulation.

The minting of silver dollars in the amounts requested by the Treasury would not constitute an attempt to make silver dollars the standard money or the standard medium of payments. It would mean that there would be approximately a half billion in silver in circulation, while paper currency totals $33 billion and checking accounts total $125 billion. Therefore, Mr. Chairman, I do not see anything radical in the concept offered by the Senate bill which is before you.

It would not be wise for me to guess the future demand for silver. As in the past, it will depend upon improvements in production, technology, and on the size and scope which our economy achieves. It would not be profitable to guess the future production rates of silver since history has demonstrated the changeability of the silver market. But history has also taught us through many centuries that silver is a desirable money medium and that the wise course for Government is to meet the demand for silver and for silver dollars now and to maintain the capacity to supply the industrial and coinage markets.

On a personal note, Mr. Chairman, I have received hundreds of letters, telegrams, phone calls, and communications from citizens of the West. One of the most intriguing letters came from a new resident who had moved to Nevada from an Eastern State and had been impressed with the individualism and frontier traditions that are so indentifiable west of the Rockies. This transplanted easterner wrote to me very movingly that the silver dollar is more than a medium of exchange; it is a symbol of the individuality and nonconformity of our frontier States, presenting a diversity which contributes to the strength of our entire country.

I therefore request, Mr. Chairman, that this symbol and this tradition—indeed, the hard money concept which supports the U.S. dollar—be preserved by your earnest and careful consideration for the bill which is before you.

Again I thank the chairman and the committee for giving us the consideration of allowing us to appear before you today.

The CHAIRMAN. The distinguished Senator has referred to a new mint in Philadelphia and expansion of the mint at Denver, Colo. The bill passed by the House authorized an increase of $210,000 over the previous $750,000 to complete the development of the Colorado Mint in 1965. It will be nearly a year before it has any increased capacity. All we have now for the new mint in Philadelphia are the blueprints. We have not even appropriated any building money. It will be 3 years before that can put out any more than it is now doing. It is running, I understand, at capacity. So there has been a big problem involved.

We have on our committee a very distinguished representative of a great Rocky Mountain State, one of the really big ones. I fell into an error the other day in giving too much credit to Montana for our first national park, and I found out later that the great State of Wyoming had nearly all of it, where they used to say—I don't know what they say now—"seldom is heard a discouraging word." But I am not too sure of that now.

Does the Senator from Wyoming wish to inquire or comment?

Senator SIMPSON. No, Mr. Chairman, other than to associate myself with what my two colleagues from Nevada have said in their request for the enactment of this bill. The situation in Wyoming is similar to that in Nevada. Certainly I would like to have Senator Cannon include Wyoming with Montana and Nevada as a silver State, which it certainly is, and I commend them for their appearance here today.

The CHAIRMAN. Are there any other questions? If not, we thank you for coming. After we have heard the expert testimony on this, if you wish to come back let us know, and we will include you even if you make more than two speeches that we allowed on the other bill. We still will let you be heard.

Senator CANNON. May I thank you, Mr. Chairman, and say in response to the distinguished Senator from Wyoming that we are very happy to include them as one of the Western silver States, and we are very happy to have his support for this proposal, because I am sure that he recognizes our position in supporting the hard money concept.

The CHAIRMAN. It is in a rather strategic position at the moment.

We mentioned a letter that was supposed to have been sent to the chairman by the Chairman of the Federal Reserve Board, and which the chairman said he had not gotten. He has since gotten that letter and is going to read it now, but we will ask that it be published in the record along with the comments on S. 750.

This is a letter from William McC. Martin, Jr., the Chairman of the Federal Reserve Board, addressed to me:

MARCH 31, 1964.

DEAR MR. CHAIRMAN: This is in reply to your letter of March 17, 1964, and its enclosures concerning S. 750, the truth in lending bill, in the form in which it was reported with amendments on March 16 to your committee by the Subcommittee on Production and Stabilization. As so reported, the bill continues to vest responsibility for its administration in the Board.

Specifically, your letter requests a report as to any amendments to S. 750 which the Board feels would be desirable if it were to remain the agency designated to administer the bill.

While the Board has endorsed the objective of requiring creditors to disclose their finance charges, the Board's position consistently has been that it would be inappropriate for the Board to administer legislation such as S. 750. Because it is a measure for the regulation of trade practices, the administration of the bill would be foreign to the Board's present responsibilities, which are principally in the field of regulating money and credit through the banking system to meet the varying needs of the economy. These views have been set forth in the Board's letters to you of February 20, 1963, and February 17, 1964, concerning S. 750, and also in its reports on S. 2755 and S. 1740, similar bills introduced in 1960 and 1961, respectively.

The Board's position was explained in detail when I testified at the subcommittee's hearing on S. 2755, April 5, 1960, and on S. 1740, July 19, 1961. In addition, my statement in the Board's behalf on those occasions emphasized not only that such proposals present many complex administrative and enforcement difficulties, but involve the practices and operations of many businesses with which the Federal Reserve is totally unfamiliar. At each of the hearings I testified that matters such as these prevented unqualified support of the bills. and, in the Board's view, S. 750 in its present form differs only in minor respects from its predecessors.

As related in your letter, the Presidential message of May 15, 1962, concerning consumer protection, recommended that S. 750 be administered by the Federal Trade Commission, rather than by the Board, since the activities to which the bill is addressed are closely related to and often combined with trade practices which the Commission is already regulating. The printed hearings of the subcommittee in 1962, 1963, and 1964 on truth in lending show that the Bureau of the Budget has advised that enactment of such legislation, revised to place administrative responsibility in the Federal Trade Commission, would be in accord with the President's program. It appears from these hearings also that such revision of S. 750 would be acceptable to the Commission.

The Board, of course, wishes at all times to cooperate fully with Congress and the committees of Congress. However, the Board strongly urges that S. 750 not be favorably reported by your committee without a further amendment in accordance with the foregoing recommendation to place administrative responsibility for the bill in the Federal Trade Commission, and with the Board's consistent position that administration of the bill by it would not be appropriate. The Board would not favor enactment of the bill in its present form.

Sincerely yours,

WM. McC. MARTIN, Jr.

Senator DOUGLAS. Mr. Chairman, I hope that the chairman will now schedule a meeting of the full committee, as he promised. I would suggest that this be fixed for next week, and make a personal statement that I will not only be very glad to accept such an amendment but will support it, and I am very happy that it seems to be on the way to being cleared up. I welcome this endorsement of the general program of the bill by the chairman of the Federal Reserve Board and will be very happy to accept his amendment.

The CHAIRMAN. Well, the Chair again must say that we have got to get the amendment drafted and we have got to call on the Federal Reserve Board to propose the amendment it wants, and it said in previous hearings that there were some other amendments that it would recommend. That is another proposition.

Senator DOUGLAS. Please don't delay it any further. You said——

The CHAIRMAN. It has been pending here for 4 years, and it has been delayed because the rank and file of the people in this Nation didn't want it. Just a minute. You couldn't get it out. You want now to rush it through while we are tied up between 12 or 14 hours a day with civil rights, which you are trying to push pretty hard, and you want us to be tied up on that. That is your privilege. We can't be two places at once. In addition to that, the man who has carried the burden of this fight for the bankers and consumers of this country in op-

position to this bill is the distinguished ranking Republican member of this committee, Mr. Bennett, and Mr. Bennett is not in Washington, and the chairman couldn't with due deference to the man who has been at all of your hearings all the time set a hearing when he is out of town and maybe couldn't get back. But as soon as we can get an amendment that I can submit to the members of this committee—it will have to come from the Federal Trade Commission, because it was damned with faint praise, if I may say so, by the Federal Reserve Board. You said you appreciated the endorsement. You can take the credit you want for that kind of endorsement. The Board says it doesn't want any part of it, but consumers ought to know what they are paying. Now, we will send a copy of this to the Federal Trade Commission and ask them to give us the amendments that they want, as being the agency that you say now you are willing to have run it.

Senator Douglas. Mr. Chairman, may I speak? The chairman previously stated in the record, and the record will show, that he declared that if and when we received the letter from Mr. Martin he would call a meeting of the full committee to consider S. 750.

The Chairman. Let's see about that. I didn't say that. He received the amendments which you recommend, and he refused to make them.

Senator Douglas. I think the record will show——

The Chairman. The record won't show. I said when I received the amendments that I requested him to make.

Senator Douglas. I think the record will show it was a letter, and I ask that the transcript remain as typed—that no changes be made in the transcript.

Senator Simpson. Mr. Chairman, may I just make one observation here. I would like to point out that I have read the record. I am on the subcommittee as well as the full committee. Martin made the same recommendation 4 years ago, and the amendment has never been forthcoming. Not only that, but if this jurisdiction is placed in the Federal Trade Commission—I wonder what this committee would have to do with it, because the activities of that Commission in my recollection come before the Commerce Committee.

I have listened very interestedly to the colloquy between the chairman and the distinguished Senator from Illinois, but I would like also to point out to the chairman and members of this committee that the most important—one of the most important—opponents of the bill, Senator Bennett, who is not only a very stanch opponent but the ranking minority member of the subcommittee, is not present, and I certainly think that Senator Bennett of Utah should be here. I am sure the Senator from Illinois would miss him if he were not here.

Senator Douglas. May I ask when the Senator from Utah is expected back?

Would the chairman set a meeting for Thursday of next week?

The Chairman. The chairman will take that under advisement.

Senator Douglas. Now, Mr. Chairman——

The Chairman. The chairman will take it under advisement.

Senator Douglas. We have met every condition. The only change required is to strike out the term "Federal Reserve Board" and substitute the term "Federal Trade Commission." There is no elaborate amendment involved.

The CHAIRMAN. Before the Chair can make any positive meeting, he has made it very clear he can't call a meeting for 7 or 8 o'clock in the morning. He has got to know whether we are going to meet at 9:30 or 10 next week on the bill that the distinguished Senator from Illinois is trying to cram down our throats.

Senator DOUGLAS. I am merely trying to have the full committee given the opportunity to vote on the bill.

The CHAIRMAN. I am talking about civil rights now. That's another. That is worse. You know, of course, the reason we are meeting at 11 o'clock is to get the meat bill out, a bill to cut the quotas. They took 11 percent of our market and put in 1,850 million pounds of foreign meat, mostly from Australia and New Zealand, and when we appealed to the State Department they said that it has been an increase of 70 percent and we will cut it to 60 or 70 percent.

Senator SIMPSON. Mr. Chairman, I would like to observe I would be inclined to object to calling a meeting without the ranking minority member of the subcommittee here. And I want to also point out the fact that I have read this record—and it is a very voluminous one—and the chairman will certainly recall that the attitude of the Federal Trade Commission was that if the bill were enacted it would need some amendments.

Now, if we are going to amend it to put the jurisdiction in the Federal Trade Commission, which comes under the purview of the Commerce Committee, we certainly would want the amendments, and certainly the Senator from Illinois would want the amendments of the Federal Trade Commission at the same time, so at this time I would have to object to the chairman setting any meeting until we have a further exploration of this important matter.

The CHAIRMAN. The Chair feels this way about it. He has indicated this morning that when he gets the substance of what he asked for, and that is who is going to administer this and what changes will have to be made in it, he is going to let the committee vote. If we don't have to meet on civil rights at an unseasonable time in the morning next week, the Chair will take a very fair consideration of the request of the Senator from Illinois that we have a meeting of the full committee on Thursday morning. He can't make that definite commitment now, but we will move in that direction.

Senator DOUGLAS. We will need more than one morning, of course, to deal with this. And may I say this: I think any suggestions which the Federal Trade Commission may make would be in the nature of trivia, and they have endorsed the principles of the bill and the leading features of the bill. The only question at issue with the Federal Reserve Board was administration. I am perfectly willing to permit administration by the Federal Trade Commission. I only hope the opponents of the bill will not seize upon this as an excuse for trying to transfer it to the Commerce Committee, which would be purely an adverse proceeding. So I make this request of the chairman.

The CHAIRMAN. If this is a trade matter and not a banking matter and it has to be administered by the Federal Trade Commission, this committee would not have had to bother with it for the last 4 years.

Unless there are other pertinent comments to be made on some pertinent issues, the committee stands in recess.

(Whereupon, at 11:20 a.m., the committee recessed.)

CONTENT OF SILVER COINS

THURSDAY, APRIL 2, 1964

U.S. SENATE,
COMMITTEE ON BANKING AND CURRENCY,
Washington, D.C.

The committee met, pursuant to call, at 9:30 a.m., in room 5302, New Senate Office Building, Senator A. Willis Robertson (chairman of the committee) presiding.

Present: Senators Robertson, Sparkman, Douglas, McIntyre, Javits, Simpson, and Dominick.

The CHAIRMAN. The committee will please come to order.

We are resuming today hearings on the Metcalf-Mansfield bill, to cut the silver content of the dollar and of lesser coins.

Today the Treasury will be represented in person. At some later date some representative of the Federal Reserve Board may testify at length. Today we have the customary written report of the Federal Reserve Board, signed by Chairman Martin.

Without objection, I will insert that in the record. But I merely wish to call attention to that fact.

Senator DOMINICK. Mr. Chairman, are there copies of that available for members of the committee?

The CHAIRMAN. Not yet, but they will be made available.

(The report follows:)

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM,
OFFICE OF THE CHAIRMAN,
Washington, April 1, 1964.

HON. A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: You have asked for the comments of the Board of Governors of the Federal Reserve System on S. 2671, a bill to redefine the silver content in silver coins. The bill would change the ratio of silver to copper in silver dollars, half dollars, quarters, and dimes, from 9-to-1, as now provided, to 8-to-2. Today, Treasury sales of silver at the present monetary value of the silver in a silver dollar (approximately $1.29 an ounce) in effect constitute a ceiling on the market price of the metal. By raising the monetary value of the silver in a silver dollar to approximately $1.45 an ounce, the bill would pose serious problems for the Government in its efforts to supply sufficient quantities of coin for public use.

There is a chronic, serious coin shortage in this country and there is little prospect that the situation will improve until the new mint to be constructed in Philadelphia begins production. The extent of this shortage may be illustrated by excerpts from letters received from each of the 12 Federal Reserve banks at the end of last year, in response to a request for a report on the situation:

Federal Reserve Bank of Boston:

"In summary, the need for additional coin of all denominations is now more acute than at any previous time."

Federal Reserve Bank of New York:

"Since April of 1962 we have had to ration almost continuously one or more denominations of coin."

Federal Reserve Bank of Philadelphia:

"On December 4, 1963, our inventory of nickels was about 3 percent of the minimum requirements, and cents were about 6 percent. As we see it, it is going to take the continued effort of the mint to bring about some improvement in supply. The demand for coin has not leveled off, but is increasing each day."

Federal Reserve Bank of Cleveland:

"The coin supply situation in the fourth district currently is worse than it ever has been. Estimates suggest that we have been able to supply banks with only about three-fourths of their normal needs since early November."

Federal Reserve Bank of Richmond:

"Since June 1963, it has been necessary to ration all denominations of coin."

Federal Reserve Bank of Atlanta:

"The inconvenience caused by shortages of coin supplies at our head office and our branches at Birmingham, Jacksonville, and New Orleans became more acute in the period January through November 1963, as compared with the same period in 1962. The situation has reached a critical point in all zones except that served by the Nashville branch. The Nashville branch experienced its first rationing (cents) in late November this year."

Federal Reserve Bank of Chicago:

"In spite of an increase of 52 percent in shipments received from the mint, we have been unable to meet the demands of member banks for coin. In November and December 1962, the degree of rationing was intensified and since May 1963, except for brief periods immediately following mint receipts, rationing in all denominations has been continuous."

Federal Reserve Bank of St. Louis:

"St. Louis has been rationing pennies, nickels, and quarters for the past 7 months, and severe and constant rationing of all denominations has occurred since October 1."

Federal Reserve Bank of Minneapolis:

"We have not had occasion to ration coin to the extent that the practice has apparently been necessary in other districts. However, we have been rationing since last July and, except for very brief periods, rationing has been a daily occurrence in at least some denominations. Our coin supply reached the lowest point in many years on December 4, on which date we were completely out of nickels. A day or two previously we had been completely out of quarters."

Federal Reserve Bank of Kansas City:

"Because of the short supply, it has been necessary to ration all denominations throughout 1963 on an even more stringent basis than in 1962, and we are currently rationing coin on a basis of approximately 5 to 10 percent of the amount ordered in the case of large city banks and 25 percent for country banks. The most acute shortage in the past has been in nickels and pennies, but this recently extended to dimes and to some extent to quarters."

Federal Reserve Bank of Dallas:

"Our coin inventory has been lower all year than current demands indicate desirable and we have been rationing nickels since June. While our district is probably in better position than most others, in our opinion the coin situation warrants immediate and drastic action."

Federal Reserve Bank of San Francisco:

"Continuing shortages exist in cents, nickels, and dimes, and the possibility exists that a shortage of quarters will develop later this month. Demand for coin continues heavy and rationing is necessary to provide equitable distribution of existing stocks."

Section 2 of last year's legislation authorizing replacement of silver certificates with Federal Reserve notes (Public Law 88–36) prohibits Treasury sales of silver unless the market price exceeds the monetary value. The immediate effect of S. 2671, therefore, would be to stop Treasury sales of silver bullion to silver users, and, since consumption of silver far exceeds production, the cessation of Treausry sales presumably would be accompanied by a rise in market price. A rise of only a few cents in the current market price would make it attractive to sell for their bullion content the 460-odd million of silver dollars now outstanding, and a rise to the monetary value fixed by S. 2671 would tend to drive out of circulation a substantial part of the approximately $1.9 billion of subsidiary silver coins now circulating. This would result from

the fact that under those conditions, not only would the silver in a silver dollar be worth more than a dollar, but the silver in a half dollar would be worth more than 50 cents, and so on down the ine.

Debates on the floor of both the Senate and the House of Representatives indicate that one of the principal arguments in behalf of S. 2671 is that it would enable the Treasury to coin additional silver dollars and put them in circulation without running the risk of having them melted down for the silver in them. In the Board's judgment, a higher priority should be assigned to the task of minting enough subsidiary silver and minor coins to satisfy the urgent needs for these coins in all parts of the country. Granting that people in certain sections of the country prefer silver dollars to paper dollars, at least they have the alternative of using paper dollars, which are available in any quantity that is needed. But the Federal Reserve banks in all sections of the country are unable to satisfy today's demand for subsidiary silver and minor coins, and are forced to ration the supplies they have. Even with rationing, the supplies of some coins have been at times exhausted at some Reserve banks. Unlike the man who prefers a silver dollar but can use a paper one, a man who has no dime for a parking meter is out of luck. Our first concern, therefore, should be with increasing supplies of coins other than silver dollars, and this will require use of the entire production of the present mint facilities for at least the next 2 years.

It may well be that some change may be made within the next few years in the content of our coins, in view of long-range trends in the silver market. But time is needed for thorough consideration of any such change, and, fortunately, time is available. Existing Treasury silver stocks seem ample to assure against any rise in the market price of silver for some time to come. If our coins are to be changed, consideration should be given to using other metals or materials as well as to changing the silver-copper ratio. And it would seem preferable to make a more fundamental change than that provided in S. 2671, so as to avoid any possibility of having to make another change a few years later. Finally, it would seem wiser to make the change after mint capacity has been increased, so that the change could be made with a minimum of disturbance. It would be highly desirable to devise means of building up some inventory of the new coins (whatever they may be made of) before the change is made, so that they can be put into circulation in abundant supply. Any change in the composition of coins will stimulate collectors' interest in those that have been discontinued. Therefore, it seems likely that a part of the supply of coins existing at the time of change would disappear from circulation and that a very serious coin shortage would develop if a large supply of the replacement coins were not readily available.

One step your committee may wish to consider to help alleviate the serious coin shortage that now exists would be to authorize the Treasury Department to discontinue the practice of changing each year's mintage date. This procedure results in coins of previous years being quoted at higher and higher premiums as they grow older, and consequently more and more of them are withdrawn from circulation by collectors. Fears with respect to the new Kennedy halves serve to illustrate this point. It is understood present plans call for minting 90 million of these coins in 1964. If the date on the new coins is then changed, the first year's issue will be at a much higher premium—and disappear from circulation much faster—than if the public knew the date on these coins would remain unchanged for several years.

Sincerely yours,

WM. McC. MARTIN, Jr.

The CHAIRMAN. The report is in two parts. One part says:

> It may well be that some change must be made within the next few years in the content of our coins in view of long-range trends in the silver market, but time is needed for thorough consideration of any such change.

The first part of the letter, which covers over three pages, deals with the shortage of small coins, and the Federal Reserve Board says that its regional banks, with one accord, ask that priority be given to the continued manufacture of small coins which, of course, couldn't be done if Congress authorized the minting of new silver dollars. Whatever minting of silver dollars might occur would to that extent curtail facilities for the production of small coins.

And there can be no doubt about the fact that there is a shortage of small coins. A lot of merchants have to operate in States where there is 1-, 2-, or 3-percent sales tax. There is a great tendency to advertise something that is supposed to be worth $1 at 99 cents, and $5 at $4.99, something like that.

Then we have the vending machines. We will have some testimony today on those phases of it. But the Chair merely indicates that the tenor of this letter is, first, it will take a lot of time to act on the bill to change the silver in our coins; second, we should give priority to the manufacture of small coins.

I believe it was brought out yesterday that while there would be an increase in the appropriations bill, so that additions to the Mint in Denver could be completed next year, it would be next year before the production at Denver could be stepped up. And we have not even started construction of the new Mint in Philadelphia and the Chair understands that when we get started—and incidentally, funds will be in the appropriation bill this year to get started—it will take 3 years to build a new mint at Philadelphia, which could measurably step up the production of minted money.

The Chair is happy to recognize in the audience two of our distinguished Senate colleagues, and according to established custom and proper protocol, we always give a Senator or a Congressman priority.

If our colleagues wish to speak first, we will be glad to hear them.

I also see the senior Senator from Idaho here. Later we will have the Senator from Massachusetts here, although he will be speaking on the other side of the bill.

But the senior Senator will be our distinguished majority leader, Senator Mansfield.

Senator, would you like to speak now?

Senator MANSFIELD. Mr. Chairman, may I ask how long the Treasury Department may take in presenting its case?

The CHAIRMAN. Well, now, Dr. Roosa will have to give you that answer.

Senator DOMINICK. Mr. Chairman, I can say I have quite a number of questions to ask them, when, as, and if they finish their testimony.

Senator MANSFIELD. Then I would suggest my colleague and I start off and then the Senators from Idaho, and I am sorry, the Senator from Massachusetts is here.

Senator METCALF. Mr. Chairman, I would suggest the majority leader start off. He can present our general case, and then I would prefer to follow the Treasury Department.

The CHAIRMAN. I think that would be the proper protocol. So the Chair takes pleasure in recognizing our distinguished majority leader, Senator Mansfield.

STATEMENT OF MIKE MANSFIELD, A U.S. SENATOR FROM THE STATE OF MONTANA

Senator MANSFIELD. Mr. Chairman and gentlemen of the committee I was glad in glancing at the Wall Street Journal this morning to note it states this is not a penny ante matter, and I was not surprised to note that the Silver Users Association is opposed to this, as they have always been opposed to the use of silver and the price of silver as it has developed in the West.

May I say that up to this time I have received the greatest amount of mail on this particular matter that I have ever received in my 22 years in the Congress of the United States. The signatures, including those on this petition, which is now before you, are in excess of 10,000, and they indicate just how important this matter is to the State of Montana, primarily, and to the other States of the West as well.

As far as we are concerned, we favor the Metcalf bill, or some modification thereof as the committee may decide, because we like the silver dollar, we want the silver dollar, we need the silver dollar, we prefer the silver dollar, and we think we are entitled to its continued use.

We are glad to note the administration in the person of the President and the Treasury Department are in favor of minting more silver dollars. But I was somewhat disturbed at the statement made by the distinguished chairman of this committee that priority must be given to smaller coins.

The CHAIRMAN. I said the Federal Reserve Board said their banks said that.

Senator MANSFIELD. I understand; and I accept the correction.

I would hope that the request of the administration for $675,000, I believe to mint only 50 million silver cartwheels would be agreed to, and I am especially happy that the chairman of this committee, the distinguished Senator from Virginia, is also the chairman of the Subcommittee on Treasury and Post Office, which will consider that matter when a meeting is called, I hope in the not too distant future.

At that time—although I am a member of the Appropriations Committee, but not a member of the distinguished Senator's subcommittee—I hope to have the chance to again appear before that group and to ask for its approval of that which the administration has requested and what the people of Montana and the West want.

The CHAIRMAN. If the chairman may interrupt, he apparently is in the position that if he hops out of the frying pan, he is in the fire.

Senator MANSFIELD. Well, he is not in as hot a frying pan or as hot a fire as the Senators from Montana, I wish to assure him.

But because of his dual position, and most especially as chairman of the Subcommittee on Appropriations for the Treasury, he is in a position where this year it is still possible to get the $675,000 requested for the purpose of minting an additional 50 million silver dollars.

Mr. Chairman, it is a pleasure to come before the Committee on Banking and Currency this morning to discuss an issue of utmost importance. Events of the past several months give every indication that the silver dollar will soon disappear as a medium of exchange, unless something can be done about it and that can only be done by the Congress.

The use of the silver cartwheel here in the East is not very prevalent; in fact, the silver dollar is somewhat of a curiosity other than to coin collectors and those recently arrived from the West.

The silver dollar is a trademark, and it is widely used in my home State of Montana and the neighboring States of Idaho, Wyoming, and especially Nevada. There has been a major protest within my State. These people want to, and deserve to, continue to use the silver dollars. In this country, it is important that we preserve some of these regional customs.

My colleague, the junior Senator from Montana, Mr. Metcalf, and I were disappointed at the action taken by the House of Representatives in refusing to give the Treasury Department the authority to mint additional silver dollars. We now appeal to this committee and to the Senate to give this authority so that there will be more silver dollars, thus taking these coins out of the area of speculation.

The present price of silver aparently had some influence on the recommendations of the House Committee on Appropriations. It was with this in mind that I joined with Senator Metcalf and others in the introduction of S. 2671, a bill which redefines the silver content of silver coins, thus permiting the continued use of silver dollars as a medium of exchange. We are anxious to explore any and all possibilities of obtaining more silver dollars. We leave the ultimate decision up to the appropriate committees of the Senate to make the proper decision. We are delighted that the distinguished chairman of the committee is also the chairman of the Subcommittee on Treasury and Post Office Appropirations. The able Senator from Virginia has many years of experience in matters of importance to the Nation's monetary policies.

Both Senator Metcalf and I have discussed the situation with the Treasury officials on several occasions. We hope that the committee will explore the matter thoroughly making known its recommendations at an early date.

Senator Metcalf will discuss the situation in more detail, but I do want to take this means to show the committee one small bit of evidence that the people of Montana are sincere in their concern.

I have received thousands of individual letters from my constituents. This is not an organized campaign but one of spontaneous protests brought about by the distinct possibility that the silver dollar will no longer be in use. On Tuesday last I received this huge petition from Missoula, Mont. The protest was placed in a convenient store in Missoula, and it was signed by hundreds of residents from the city and the surrounding area, unsolicited, in a matter of less than 10 hours. There was no effort to promote the petition, but it is an expression of real concern about the future of the silver dollar. I would predict that we could obtain similar petitions from every city and town in the State.

(The following telegram was submitted for the record by Senator Mansfield:)

MILES CITY, MONT., *April 2, 1964.*

Senator MANSFIELD,
U.S. Senate, Washington, D.C.:

Package in the mails to you containing 2,383 signatures of eastern Montanans strongly favoring cartwheels, gathered yesterday in only 8 hours of broadcasting with no advanced publicity. Strongly suspect number would triple with advance promotion. This is only token of opinion here. Good luck.

JON METROPOULOS,
Program Director, Radio KATL.

Senator MANSFIELD. I might say I have received a number of letters from grade schoolchildren who are very much aware of what the silver dollar means to us.

As I stated before, Senator Metcalf and I are anxious to get the authority granted for minting of additional silver dollars, and we

ask for the assistance and guidance of the Senate Committee on Banking and Currency. The people of Montana and the West will be forever grateful.

I will close by saying that Montana does not want the silver dollar to go the way of the whooping crane, the buffalo, the gold piece, and the dodo bird. I ask unanimous consent that I may insert in the record statements which I made on the floor of the Senate yesterday, which go into a little more detail relative to my feelings on this matter.

The CHAIRMAN. Well, I can assure our distinguished colleague from Montana that, as far as the chairman is concerned, he believes he expresses the views of this committee as presently constituted that the silver dollar is not going the route of the whooping crane or the dodo bird or any of those other things that have once been here and have since disappeared.

We want silver currency, and it will be a long time before we go off the silver basis for some nickel or other currency, but we are confronted here with two problems, as the Treasury will indicate shortly.

The Treasury, frankly, doesn't know what to do about this matter at the present time and certainly we don't, and we depend very largely on the Federal Reserve Board and they say they don't know what to do about it—but to give them time to study it.

At the present time it is only fair to say that we couldn't in an hour and a half change the alloy of a silver coin that has been in effect since 1837. And the next problem is that there can be no doubt about the shortage of small coins.

Now, when we vote, between now and sometime this summer, on the budget, it will be not far from $100 billion—not million dollars, but billion dollars. We even give away money in the billions and nobody knows how much a billion is. Really, I don't think the average man knows what a million dollars is. I am sure I don't. I have never had it; I never expect to have it; I have never seen it or had my hands on it.

But when you talk about $50 million, you might call that a bagatelle or whatever you want to call it, out of a budget of $100 billion. And as much as we love our friends from the West—I think they didn't get a fair crack at these valuable dollars, and if they have got some of the Carson City dollars left, certainly a substantial part should be sent out as to the West for those banks to be distributed, because they couldn't come to Washington and bring one of these chainstore buggies along and haul out $2,000 or $3,000 worth at one time.

One man claimed he had $80,000 and came there and wanted 11,000 more.

I asked one of the staff members how much a silver dollar weighed and he said 50 million silver dollars would weigh 1,500 tons.

Senator MANSFIELD. As far as we are concerned, Mr. Chairman, we are not in the least bit interested in the Morgan dollar. We realize, of course, it has some numismatic value. Perhaps it would be a good idea for the Treasury, contrary to what I suggested several days ago on the floor of the Senate, to hold a public auction and get rid of those dollars and thereby knock down their price.

But I would point out to this committee within the past 10 days, Montana banks have contacted the Montana Senators, asking that additional silver dollars be sent out and I can recall one instance when Nels Turnquist of the First National Bank at Helena called Senator Metcalf and me to find out if it was possible to buy 2 million silver dollars. They were prepared to pay $1 apiece for each one through the Riggs Bank. They were prepared to hire the necessary Brinks trucks to haul them to Montana, but despite the fact that we did receive something on the order of 5 million silver dollars within the past 2 weeks, at the present time there is a shortage and in the State of Montana, where the silver dollar is at home, we cannot begin to supply the requests for the cartwheels, and this is not a laughing matter. This is serious with us, because we like silver, we want silver, and we think $675,000 is a pretty small price to pay for this type of currency, which lasts in comparison with paper currency for decades and decades, and it is money.

The CHAIRMAN. The Chair assures the Senator that it is a very serious matter with all of the members of this committee. They recognize the demand in the Rocky Mountain and Western States for silver dollars.

On the other hand, all of the other States are just as equally sure they want small coins. And as I said, if we mint 50 million silver dollars, the production of small coins will be reduced by many times that number.

But as far as the Banking and Currency Committee is concerned, it is not going to be too big a problem, because the chairman has already talked with the Treasury Department and they said they couldn't possibly give us a recommendation on what should be done before next year; that the matter is just that big and serious.

Senator MANSFIELD. Except they have asked you for an appropriation this year to mint 50 million silver dollars.

The CHAIRMAN. They haven't asked us yet; they told me informally they would, and that is what Secretary Roosa is going to say when he testifies.

But when he says it, he is going to have to admit it is no simple problem. Now, do the members want to let the majority leader go and save questions for the Treasury?

Senator SIMPSON. I am sure the Senator from Montana knows the silver dollar in the West is a tradition, a fixture. Does he not think so?

Senator MANSFIELD. It is a tradition and it gives promise of not being a fixture, if we don't do something about it to perpetuate the use of it there.

May I say its antecedents go back, not decades, but centuries, because if you remember, when the Spaniards came to this country in the colonial era, they had what they called pieces of eight. And out of that you get two bits, four bits, six bits, and the eight bits, of course, were the pieces of eight, or the dollar.

Senator SIMPSON. The Senator is probably cognizant of the fact that the silver dollar is the inspiration for a number of very famous western songs, which might go by the board if we didn't have it.

Senator MANSFIELD. Unfortunately, the songs would stay, but the dollars might not.

Senator SIMPSON. I believe they would.

I am sure the Senator from Montana will recognize the song—

You can roll a dollar, sir, you can throw a silver dollar upon the ground and it will roll because it's round;
A woman never knows what a good man she's got until she turns him down;
Now come along and listen to me, I want you to understand;
A silver dollar goes from hand to hand, and a woman goes from man to man.

That is all I have.

The CHAIRMAN. A member of the staff says that they would only mint 10 million silver dollars a month, but it would not take the entire facilities of the mint to do that.

Just how much that would slow down production of the other coins we will have to find out when the issue comes before a committee that has jurisdiction to appropriate the money.

Senator DOMINICK. Mr. Chairman, I want to say first of all that I think the presentation that has been given by the distinguished majority leader was excellent. I gather from it what you are really asking this committee to do is develop some form of action which will preserve the silver dollar, even though it may not necessarily be the bill which is before us as a vehicle for this hearing?

Senator MANSFIELD. That is correct.

Senator DOMINICK. Is it your feeling that this has a real immediacy, as far as the need is concerned.

Senator MANSFIELD. It is.

Senator DOMINICK. I completely concur with you and I am somewhat distressed, I may say, that last year when we had the Silver Purchase Act up before the Senate, we were unable to get agreement among the Members and from the Treasury to amend that bill to prohibit sales by the Treasury of silver for agency use.

There has been a good deal of silver put into agency use which might properly have been minted into coinage and prevented this problem we are in right now, it seems to me. But I wanted to bring that point out before the distinguished leader left.

I think we do have a problem here of immediacy. And I think there has been pretty poor planning in the past as to when this need would become apparent and what we might do to correct it. I think your comments along this line have been very helpful.

Senator MANSFIELD. May I say, Senator, at the time the Silver Purchase Act was repealed, those of us from the West, many of us, received assurances from the Treasury Department that silver dollars would continue to be minted and there would be no shortage in the forseeable future. Unfortunately, due in part, I believe, to the action of the Treasury itself and some statements made by members of that organization to the effect that the stocks were dwindling, the rush was on, and a situation which was delicate in the first instance was made worse as a result.

So that today we are faced with the fact that there are only $3 million left in the vaults of the Treasury and now if you want to turn in a silver certificate, you can't get a silver dollar in return; you have to take it in silver dust.

If economy is to be considered in this matter, I would point out to this committee that if silver certificates are turned in and the people are paid in silver dust, which has to be put in an envelope and sealed, that the cost factor is going to be an awful lot more than to give them the cartwheels themselves.

Senator DOMINICK. I completely agree with the distinguished Senator on that point. That is one of the points I wanted to bring out with the Treasury. I appreciate you bringing it out now.

That is all.

The CHAIRMAN. Any other questions?

Senator McINTYRE. No questions, Mr. Chairman.

Senator SPARKMAN. Mr. Chairman, I would like to throw out this question. I don't know whether the majority leader can answer it or not, and I am sorry I haven't been here in the earlier part of these hearings.

The thought that has been a little confusing, if not disturbing, to me, has been this: If we lower the content, the silver content of the dollar, as is proposed in this legislation—and I may say it would have a similar effect I should think on other coins, but sticking for the moment to the dollar—if we lower the silver content in the new dollar, what is going to happen to the several hundred million dollars that are now in circulation?

In other words, we will have two coins, each standing for a dollar; but certainly worth different amounts as far as silver content.

Senator MANSFIELD. That is correct. I can raise the question but I can't always furnish the answers.

Senator SPARKMAN. I am in the same position and I said I didn't know whether you were the one. Maybe Mr. Roosa can answer that.

But it is a question which concerns me.

Senator MANSFIELD. It is a question. I suppose that they could be melted down, as the price of silver increases, as I assume it may well do, although it seems to be stabilized around $1.29 an ounce, some of it would be melted down, I suppose. But it would be just a dollar——

Senator SPARKMAN. Wouldn't there be a tendency for those dollars to disappear from circulation, the higher content dollars?

Senator MANSFIELD. They are doing it now.

Senator SPARKMAN. I realize that. Probably in anticipation of something like this.

Senator MANSFIELD. The Senator raises a very serious question, which calls for an answer, and which I hope Mr. Roosa will be able to give.

But I would point out that the basis for the proposal made by the Senator from Montana, Mr. Metcalf, is tied to the fact that a House Appropriations Committee stated that at the present time it costs a little more than a dollar to mint a dollar, because of the amount of silver contained therein.

So you have the problem now, in a minor way, but what the Senator from Alabama has said could become more serious, and I would hope the committee would be able to consider this matter.

My colleague has given me something here which may be an answer. This is from the Treasury and Post Office Appropriations Committee of the House of Representatives last month. I quote, on page 6, subsection (e):

> The amount of silver in a silver dollar, at current prices, is worth slightly more than a dollar while the amount of silver in two half dollars is worth about 92 cents. The committee feels that additional silver dollars should not be minted until the Congress enacts legislation concerning the silver content of the silver

dollar. Should the price of silver continue to rise, even just a few cents per ounce, it would be profitable to melt down silver dollars for the silver content. The minting of additional silver dollars, at this time, would only serve to aggravate the problem.

Senator SPARKMAN. Thank you.

The CHAIRMAN. Now the Chair has been told, it may not be accurate, that at the present price of silver, $1.29, 90 percent silver, 10 percent copper, and the balance—the minting of dollars at that price of silver, including the cost of minting it—would be approximately $1.52 apiece.

Senator MANSFIELD. But you must keep in mind the fact that the Government bought silver years ago as low as 62 or 63 cents, if my memory is correct, and that on every dollar which the Government has put out, every dollar, silver dollar, which the Government has minted, it has made a sizable profit.

The CHAIRMAN. That is true.

Senator SPARKMAN. I want to make this clear, though: I am not considering so much this $1.52 as the cost to the Government. I think it enters into it. But what I am thinking of is having two coins on the market with a difference in value.

It seems to me it would be a considerable difference.

Senator MANSFIELD. I would agree with the Senator; yes.

Senator SPARKMAN. I will pose that question to the Treasury people. I would like to hear some explanation on that.

Senator MANSFIELD. I am not an authority on finance, but I am a believer in the silver dollar—I like to hear it clink and clank; I like to throw it over the counter and maybe some people, on occasion, like to throw it on the bar.

The CHAIRMAN. I said to my friend from Alabama before he came in, when we hear from the Treasury, the Treasury is going to say the answer to his question and many others will not be able to be given until sometime next year.

Senator MANSFIELD. Except that the Treasury this year has asked the House, it is in the budget and will ask your Committee on Treasury and Post Office for $675,000 to mint an additional 50 million silver dollars.

The CHAIRMAN. That is correct.

(An excerpt from the Congressional Record follows:)

[From the Congressional Record, Apr. 1, 1964]

THE GREAT SILVER RUSH

Mr. MANSFIELD. Mr. President, with the indulgence of the Senate, I ask unanimous consent that I may proceed for an additional 2 minutes.

The ACTING PRESIDENT pro tempore. Without objection, the Senator from Montana is recognized for 5 minutes.

Mr. MANSFIELD. Mr. President, the great run on the "cartwheel" has continued until the silver dollar has now all but vanished. The Treasury Department has joined the coin collectors and is clinging to a few million remaining pieces. But insofar as silver as a medium of exchange is concerned, the Treasury is now thrown back to the days of the assay offices of the old West. It is reduced to substituting silver dust for silver dollars.

And another sign of what has happened is a press report of another case of silver-dollar pilferage, this time right here in Washington, D.C. There is likely to be more of the same as scarcity gives to these coins an ever-increasing value.

Mr. President, I cannot believe that the Congress will stand by passively much longer and watch this travesty continue. Montana citizens from every walk of

life have written me, urging that we save the cartwheel. That can be done only by appropriating the funds necessary to mint 50 million additional silver dollars. Six hundred and seventy-five thousand dollars is what is involved in the appropriation. It seems to me to be a very small cost for the rescue of what is not only a major American tradition, but also a major American preference insofar as Montana and other Western States are concerned. I might point out, further, that this cost is more apparent than real. The law commits the Government to redeem silver certificates on demand. Consider the labor and other costs involved in weighing out 77 grams of silver bullion and placing it in an envelope every time a holder of a silver certificate walks into the Treasury. That is what the Treasury will have to continue to do under existing law unless it has the funds to mint new silver dollars. There is such a thing as being paper wise and metal foolish. In the end, the denial of funds to mint the silver dollars may mean that the Government will pay far more in labor and other costs as it strives to meet its obligations by measuring out raw silver. If silver bullion is to replace the silver dollar, we may have to appropriate extra funds to pay for the process of weighing and enveloping the bullion. Further, in the light of the bill introduced by my distinguished colleague, the junior Senator from Montana, Mr. Metcalf, the Government may be losing out on an opportunity to reap a seigniorage from a new minting of silver dollars which might more than repay the cost of the operation. Senator Metcalf's bill would authorize the reduction of the silver content in the silver dollar from 900 to 800 grams. I do not know whether this is the precise reduction that is needed to keep these coins in circulation; I am sure that the members of the Banking and Currency Committee will be able to make that determination especially in view of the fact that today the hearings on the Metcalf bill were started, the witnesses being the distinguished Senators from Nevada, Mr. Bible and Mr. Cannon.

Senator Metcalf's bill points the way to overcoming the primary objection that has been raised against the appropriation of funds to mint the 50 million new cartwheels. And, enacted into law, it would have the effect of diminshing the hoarding of silver dollars—one of the principal reasons why free circulation of silver dollars is imperiled today. Indeed, the great run on the Treasury's supply did not begin in earnest until there were reports that no more silver dollars would be minted.

Mr. President, I urge the Senate not to fiddle while the silver dollar melts—while the symbol of hard money, of poor man's money, disappears from our midst. We ought not to dismiss the cause of the silver dollars as unimportant. This is not a tempest in a teapot. There is a deep resentment and an understandable reaction of public dismay at the imminent passing of a coin which for more than a century has existed and continues to exist in our midst as a reminder of the past and as a functional and preferred medium of exchange even today. If we fail to act, Mr. President, we do so at the expense of the small merchant in the West, and to the chagrin of decent, hardworking and honest folk who prefer the cartwheel both as money and as distinctive tradition.

They like the feel of heft in their pockets. To them, the jingle of silver dollars is the sound that signifies liquidity. It is the echo of cash on the barrelhead. They prize it, Mr. President, as the New Yorker might prize the Empire State Building; as the Californian, the Hawaiian, or the Floridian, might prize year-round sunshine; as the southerner, black-eye peas; as a New Englander, a lobster and baked beans; and as a Texan, a 10-gallon hat.

I would hope, Mr. President, and I am sure that the distinguished chairman of the Banking and Currency Committee, Mr. Robertson, will see to it, that the Senate will have an opportunity to consider at the earliest possible time, the bill sponsored by Senators Metcalf, Bible, Bartlett, Cannon, Church, and myself, to reduce the silver content of the silver dollar. And I would hope, Mr. President, that the Committee on Appropriations of the House of Representatives will vote to allow the Treasury sufficient funds to mint a new and adequate supply of silver dollars. We do not want the cartwheel to go the way of the dodo bird.

The CHAIRMAN. The Senator from Montana, Senator Metcalf.

Senator METCALF. Mr. Chairman, in a conference with representatives from the Treasury Department regarding this bill, the day before yesterday, I agreed I would ask the chairman to let me defer my testimony until after the Treasury, so I respectfully ask the Treasury be called as the next witness.

The CHAIRMAN. That will be quite satisfactory.

We have several other Senators here. Do they wish to be heard now or wait until the Treasury testifies?

Senator CHURCH. Mr. Chairman, my colleague and I will make a brief statement.

STATEMENT OF FRANK CHURCH, U.S. SENATOR FROM THE STATE OF IDAHO

Senator CHURCH. Mr. Chairman, as you know, the State we represent, the State of Idaho, is the largest silver producer in the country, an observation the chairman himself made on the Senate floor only last week.

We have present, as a spokesman for our silver industry, who will testify before this committee, Mr. Bob Hardy, the gentleman you will hear later this morning.

I only want to say briefly that I have very strong feelings about the matter before the committee. When I was a youngster and first began to learn my rudimentary lessons about money, I was shown a paper dollar and a silver dollar, and I was told that the silver dollar was the real dollar, that the paper dollar was merely a promise to exchange or redeem the paper note with silver.

Now I don't suggest this is a matter of sophisticated economics, but I do suggest that it is an ingrained attitude in the West which relates to public confidence in the currency of the country. We westerners look with great misgiving upon the disappearance of the silver dollar.

As this committee knows, the silver certificates are now being collected by the Treasury and, in their place, a Reserve note is being issued, thus denying what has heretofore been the case, the promise to exchange silver for paper. If the silver dollar now also disappears, then, of course, the public will have no recourse from paper.

So, Mr. Chairman, we hope this committee will find an answer to this problem. Let me say, with respect to Mr. Hardy, who will be the spokesman for our industry today, that I have known him for the past 6 years; he has often discussed silver with me, and, in the course of that time, much has happened to the price of silver. The picture regarding silver has changed very materially. I have never known his forecasts to be wrong, and I regard him as one of the country's outstanding authorities on the question of silver. So I commend him to you very heartily.

I hope he will have a full opportunity to present his views to this committee before these hearings are concluded.

(Senator Church's prepared statement follows:)

Mr. Chairman, I support S. 2671, a bill to reduce the amount of silver in the silver dollar, introduced by Senator Lee Metcalf, of Montana. Along with several of my western colleagues, I am a cosponsor of this legislation.

Although this bill is only a first step in the solution of the problem of making proper use of our silver resources, it is an important one. I hope that the bill will serve as a vehicle for having the whole silver question examined by the Committee on Banking and Currency and in the Congress as a whole.

I commend to this committee the statement of Robert M. Hardy, Jr., on behalf of the American Mining Congress and the Idaho Mining Association. Mr. Hardy is the highly respected president of the Sunshine Mine located in Shoshone

County in my own State of Idaho. Mr. Hardy recommends a six-point program:

1. Reduction of the silver content in our coins;
2. Acceleration of the replacement of silver certificates with the new $1 Federal Reserve note;
3. A crash program for the minting of new coins with reduced silver content;
4. The suspension of the minting of the present silver coins as soon as the new standard has been adopted and the necessary facilities created;
5. creation of a strategic stockpile of silver; and finally,
6. the establishment of a joint congressional committee on monetary policy. The Congress needs to give careful thought to these proposals.

Although some people in the East may have so many dollars that they prefer paper ones, Westerners like the jingle of silver dollars in their pockets. As I have remarked before on the floor of the Senate, my father used to say that he never felt that he had a dollar in his pocket unless it was a silver dollar. He never fully trusted paper. This attitude is very common in all the Western States.

From watching the "great Treasury raid" recently here in Washington, when thousands of people stood in line to get their silver dollars, I gather that the cartwheel is now popular on the east coast as well.

Some of the words to the Idaho State song are:

"And here we have Idaho, winning her way to fame; silver and gold in the sunlight blaze, and romance lies in her name."

Since the United States went off the gold standard three decades ago, and gave up the gold piece, only silver coinage has been left to flash in the sunlight. Now, we must act quickly to keep the silver in circulation, in Idaho as well as in the rest of the Nation.

Presently the United Nations Conference on Trade and Development is in session at Geneva, Switzerland, and much attention is being paid to the problems of the countries which are primary producers, the countries which mine or grow the raw materials rather than the finished goods.

This country needs to pay more attention to the primary producing areas within our own Nation. Idaho is such an area—silver and other mineral products, lumber and wood products, agricultural crops and livestock—these provide our main source of income, as they do in much of the West. We must protect the livelihood of those who work in the mines, in the woods, and on the farms and ranches.

So, I support S. 2671 as a step in the right direction. By reducing the amount of silver in silver dollars, we can prevent them from being melted down because of their high silver content, and still keep them in circulation. This, in itself, is a worthwhile objective, and a start toward the solution of the whole silver question.

The CHAIRMAN. Are there any questions? If not, we will hear from Senator Jordan.

STATEMENT OF LEN B. JORDAN, U.S. SENATOR FROM THE STATE OF IDAHO

Senator JORDAN. Mr. Chairman, I shall keep my remarks brief and ask consent of the chairman to file a written statement at a later date, if I may.

Like my colleague, I represent a State which is a leader of all States in the production of silver, of the whole Nation, and we like silver dollars. I was a full-grown man before I came in contact with a paper dollar, because silver dollars were the medium of exchange out West and I grew to like them and I still do. I hope that they are not taken out of circulation. I hope that coinage will continue for silver dollars and a way may be devised to lower the silver content, so that we can continue to coin them.

My colleague has spoken about Robert M. Hardy, Jr., and I want to add my voice to his in commending his testimony to you. Mr. Hardy,

of the Sunshine Mines, which produces one-sixth of the silver produced in the United States. He is well qualified to speak on the subject.

He will also speak for the Idaho Mining Association and others. I commend him to you. I hope that you can get to him, because he has come a long way and his testimony will be of great benefit, I am sure, to this committee.

Thank you, Mr. Chairman.

The CHAIRMAN. I don't know whether it is true or not, but I have heard that one of the best silver mines in the Nation was discovered when a tree blew down in the home of the father of Senator Burdick.

Is that true? Was a silver mine found under that tree?

Senator JORDAN. I wouldn't know.

Senator CHURCH. I don't know, but it is said in Idaho that a jackass discovered our largest silver mine. He simply refused to move and finally brought the attention of his owner to the fact that he was standing over some very valuable ground.

Mr. Chairman, I am also preparing a full statement which I would like permission of the committee to include in the record.

The CHAIRMAN. Without objection, the remarks of Senator Jordan will be supplemented by a written statement.

(The prepared statement of Senator Jordan follows:)

STATEMENT OF LEN B. JORDAN, U.S. SENATOR FROM THE STATE OF IDAHO

Mr. Chairman and members of the committee, silver and gold have been the accepted media of exchange for goods and services since the first records of history. You will recall that Judas was rewarded with 30 pieces of silver for his infamous service some 2,000 years ago. There has always been a relationship between the recovery of these metals and there has been a certain general relationship in the value of the two. Now we are faced with increased demand all over the world for both gold and silver and our production of these precious metals has not kept pace with the demand.

Our domestic mine production of recoverable silver declined 4 percent in 1963, to 35.3 million ounces, but world output for the same year increased about 1 million ounces. The total world silver output for 1963 is estimated at 243.6 million ounces. Our Government now has approximately 1½ billion ounces of silver bullion, backing silver certificates. We must maintain a stockpile of silver bullion to insure continued availability of this metal for our coinage system.

The ratio of 90 percent silver and 10 percent copper in the silver dollar was set by law in 1837—and the basic formula has not changed since. At $1.29 an ounce and with 0.77 of an ounce in each dollar, we are now at the crossroads. If silver prices should advance above $1.29, it would encourage the melting of silver dollars to obtain the additional value.

Our supply of silver bullion for coinage was expected to last for a period of 10 years when the bill was passed last year to retire silver certificates. Now at the rate it is being used, we may be out of silver by 1972. It is therefore imperative that action be taken without delay. One of the methods that has been suggested is to reduce the silver content of the dollar. S. 2671, the bill you are now considering, would reduce the silver content in the dollar from 900 grams to 800 grams. In my opinion, this would be a start to correct the situation which has developed.

The question of a like reduction in subsidiary coins is certainly one that will need to be explored in connection with this bill. I do not know just what the proper balance should be, but it is my feeling that a formula should be worked out that will in a measure retain the traditional relationship in price between silver and gold over the centuries.

The production and value ratios of silver to gold has been about 16 to 1. Due to the worldwide demand for silver, I feel confident it will find its own price level in time. The demand not only for coins, but for other uses, will be the factor that will finally govern. We may be able to manipulate and manage prices while our present supply of silver bullion lasts, but we must face now realistically what will happen if we do not keep a necessary reserve.

Silver in coins is only one of its universal uses, and quite naturally, those who purchase it for uses other than coinage would like to utilize our reserve to keep the price at its present level, and, if possible, to eliminate silver entirely from our coinage use. All the machines that use coins, and we are developing new ones every day, are geared to present coinage formulas. Our coins may be altered somewhat but their intrinsic value should remain high to forestall counterfeiting and to facilitate the rejection of slugs by coinbox machines.

As Idaho is the leading silver producing State in the United States, we are vitally interested in legislation that will give recognition to the problems faced now. Domestic production should be encouraged so that our Nation is not dependent on foreign imports for this important strategic metal. We are interested in sound legislation that will not only encourage full production of this metal but will insure the stability of our monetary system and maintain the integrity of the U.S. dollar.

I feel the silver dollar is a symbol of this stability and integrity of our money. We in the West hold that the silver dollar is as much a part of our system as any other coin. We want to continue to have silver dollars in circulation.

I have full confidence in the members of this committee. I also believe that when all the facts are presented to you, you will report legislation that will assure that silver will be retained in not only our subsidiary coins, but in the silver dollar, the "cartwheel," as it is known, and that we can continue as we have in the past to keep the confidence of people all over the world in our hard money.

Thank you for the opportunity to express my views.

The CHAIRMAN. Is there any other Senator who wishes to be heard before we hear from the Treasury?

If not, Dr. Roosa, we will be pleased to hear from you.

STATEMENT OF ROBERT V. ROOSA, ACTING SECRETARY OF THE TREASURY, ACCOMPANIED BY G. D'ANDELOT BELIN, GENERAL COUNSEL OF THE TREASURY

Mr. ROOSA. Thank you, Mr. Chairman. We are delighted to have this opportunity to be here this morning. I would like to present the General Counsel of the Treasury, Mr. G. d'Andelot Belin, accompanying me.

In reviewing legislation before your committee, the Treasury has concluded that its enactment would in fact raise the monetary value of silver to $1.45; that this would, in turn, soon cause the disappearance from circulation of all presently outstanding silver dollars, would in all probability in the near future lead to the melting down of our present subsidiary silver coinage, and would consequently lead to an impossible situation for the mints in supplying the coinage needs of our country.

Instead, we believe that the best way to meet the present needs of the Western States will be to maintain the present monetary value of silver and, with the proper protection that this provides, then to proceed to ask that the Congress appropriate the funds we have already requested for the minting of additional silver dollars of the present fineness.

We recognize, of course, that action on this request is for the Appropriations Committee, not this committee. I shall set forth our reasons for our views on the effects of S. 2671 at some length further on in my statement, because I think in the analysis of those reasons we begin to see some of the complexities that are involved in any attempt to solve the problem now created by the value of silver in the marketplace that is virtually identical with that prevailing for its monetary value.

And if I may, Mr. Chairman, while we have been digressing on history, it is interesting that this is an anniversary for silver—the first silver legislation was enacted on April 2, 1792, and the 1837 bill only renewed it. The content of silver specified then is the same content that prevails now. So we are talking about something which has a tradition of sufficient length and respect to require, as you have said, great care and extensive study before a change can be made.

I might also digress to say that even in the simple, comparatively simple, problem of trying to decide on the specifications of a new mint, another problem that has been before the Appropriations Committee, which is crucial to all of this, more than 10 months will be required simply to go through the engineering problems, the architectural problems concerned with the designing and planning of that mint before any initial construction could occur. And if it takes 10 months for that relatively straightforward engineering and architectural problem, it obviously takes more than a few days for the adequate consideration of this matter.

Now we do, in the Treasury, recognize and sympathize fully with the disappointment of certain of the Western States caused by the exhaustion of the present stock of silver dollars held in the Treasury.

As you know, this stock has been reduced to some 3 million silver dollars which have a considerable numismatic value. That is why, last week, Secretary Dillon stopped further distribution of these silver dollars from the Treasury when he found that they could no longer be distributed equitably for their principal use as a circulating medium of exchange.

The Treasury realizes that unless additional silver dollars are minted, and made available in the Western States, there will be a strong tendency for the large number of those now in circulation in the West to disappear gradually into the hands of collectors. Another problem related to this, which Senator Sparkman's questions have already brought out, is that it is absolutely essential, if these silver coins are to continue circulating, there be only one silver dollar. Otherwise the melting down process of the existing silver dollar, in our judgment, would occur immediately.

As a matter of fact, it is my own personal judgment that a principal reason why the prices of silver have risen to a point in recent days which, if they persisted on the market, would have justified the melting down of the present silver dollars, is that there has been a revival of expectation in the market that this bill before your committee might pass.

The simple expectation of its being considered favorably has already led to the development of conditions of the kind which I am describing. So this is not economic theory, this is the marketplace.

Having in mind the rapidly dwindling supply of silver dollars available, the Treasury requested $675,000 in a supplemental appropriation request for 1964 in order to mint 50 million silver dollars during the rest of this fiscal year.

Our thought is this provides the continuity and the existing use of that medium of exchange in the States where its use is preferred, we understand, while the necessary time for a detailed study of the entire question of subsidiary coinage can go forward.

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In addition, in our budget originally for 1965, we included a request for $1,250,000 for the minting of 100 million silver dollars. As you know, the House of Representatives did not include any funds for this purpose in the Treasury, Post Office, and Executive Office appropriation bill for 1965 which was passed on March 24 of this year.

Instead, the House allowed $100,000 out of our supplemental appropriation request for 1964 to be used exclusively for making smaller coins and $650,000 of our request for $1,250,000 for the same purpose. Of course, that recognized the point that Senator Robertson made earlier that there is along all of this—a paradoxical situation which is not in any sense easy to solve—an intense shortage of silver coins, or subsidiary coins, which I believe is shared fully by the banks in the Western States, as well as those in Virginia, as the chairman has commented.

Secretary Dillon wrote to Chairman Robertson on March 25 of this year, immediately following the knowledge of the action in the House, in his capacity as the chairman ofthe Treasury-Post Office Subcommittee of the Senate Committee on Appropriations, appealing to that committee for restoration of certain of the House reductions in the Treasury appropriation request.

In that letter he asked the Appropriations Subcommittee to restore $200,000 out of the supplemental request for fiscal 1964 to enable the mint to produce about 15 million silver dollars. When our request was submitted originally, had there been more time available, more could have been done. Our target had been $50 million. He also asked for $600,000 of the request for fiscal 1965 to permit the minting of at least 45 million additional silver dollars in that year. This did not represent a failure to recognize the existence of the shortage of subsidiary coins, but it did recognize that in this, as most human events, there is a necessity to balance competing claims and competing needs. We thought some room should be made for additional minting of silver dollars to meet the needs described by others here this morning, and that was the proper and suitable way to maintain normal conditions during the period, necessarily long, for intensive study.

These studies in the Treasury were initiated after the silver purchase legislation was enacted last summer, and following preliminary exploration, were placed on a full-time and intensive basis on the unhappy day before President Kennedy's death, the 21st of November last year.

The House Appropriations Committee and the House, itself, considered the problem of the vanishing supply of silver dollars at length in relation to the subsidiary coinage before acting on the 1965 appropriations bill. It was suggested in the hearings of the House Appropriations Subcommittee that there would be a problem involved if additional silver dollars were to be minted and the price of silver were to rise above the present monetary value—that there would be disappearance. We have seen a tendency for a disappearance to be aggravated simply by the announcement of attention to this bill.

The only way to make certain that silver will continue to circulate and that there will not be the problem of disappearance in early expectation of a change in the monetary value of silver is to maintain, as we do, the ready availability of silver at our assay offices at the $1.293 price spot. While that availability continues, and our stocks

remain—despite very minor transfers to agencies—at approximately a billion and a half ounces, the market price is not likely to rise appreciably above the monetary value. This total of 1½ billion ounces compares with record consumption from the U.S. stock last year of 185.7 million ounces, for all uses, including coinage.

Senator SPARKMAN. How many ounces?

Mr. ROOSA. Our stocks are, roughly, a billion and a half. The consumption from U.S. stock, last year, was 185.7 million ounces. Our own production was 36 million ounces, so much of the difference needed for consumption was coming out of our stocks. Some slight amounts were imported. But the overall impact of our immense stocks against current uses in this scale, including all currency uses, is sufficient to assure that the price of $1.29 will be maintained and maintained over a period long enough to include not only the detailed complex intricate study which is underway, but also to provide for whatever review processes are appropriate and for new mint facilities to be constructed, ultimately to come into operation and to be able to produce substantial quantities of whatever coinage should ultimately be chosen, in ample volume, before any changeover of any kind at some future time might occur—if it were then decided, after this full review, that any changeover were necessary. This is, obviously, in our view, a question that calls at the present time for action which is of a temporizing character, not definite.

The report of the House Committee on Appropriations contained the following statement:

> The committee has disallowed the request to resume the minting of silver dollars at this time. The committee held extensive hearings on this subject and carefully considered statements by congressional delegations representing the silver States. This is not a simple problem of authorizing funds for the minting of additional silver dollars. Many other factors are involved, and the committee carefully considered every alternative. The committee is fully aware of the importance attached to this issue by the silver States; however, in view of the facts developed during the investigations and hearings, the committee

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could support only one conclusion—that the best interests of all the people require that the total minting capacity of the two existing mints be devoted entirely to meeting the critical shortage in minor coins.

Among the major considerations which support the committee's position are the following:

(*a*) The shortage in minor coins at the present time is the most critical in the history of the mint, and the demand is increasing at a rate that has outstripped the capacity of both existing mints, even at three-shift, 7-day operation. Every denomination of coin is now being rationed. There is no currency substitute for minor coins such as there is for silver dollars.

(*b*) The new mint to be constructed in Philadelphia, for which funds are allowed in this bill, will not be in actual production for several years.

(*c*) Additional silver dollars can be minted only at the expense of minting minor coins.

(*d*) At the present rate of usage, the supply of free silver in the Treasury will be exhausted in 7 or 8 years. At the present time, the United States is using silver annually at a rate approximately equal to the entire world production. Considerable quantities of silver are being consumed in defense activities and cannot be recovered.

(*e*) The amount of silver in a silver dollar, at current prices, is worth slightly more than a dollar, while the amount of silver in 2 half dollars is worth about 92 cents.

The committee feels that additional silver dollars should not be minted until the Congress enacts legislation concerning the silver content of the silver dollar. Should the price of silver continue to rise, even just a few cents per ounce, it would be profitable to melt down silver dollars for the silver content. The minting of additional silver dollars, at this time, would only serve to aggravate the problem.

The debate in the House of Representatives revealed clearly that in making the statement in point (*e*) above, that additional silver dollars should not be minted until the Congress enacts legislation concerning the silver content of the silver dollar, the committee had in mind that in any case mint capacity should not be used for minting silver dollars until the new mint to be built in Philadelphia was completed and the existing shortage of other coins remedied. As Chairman Gary of the Appropriations Subcommittee said before the House, "We have said then that if you will get this content changed by legislation—we have

no authority over that—we will go ahead with this mint, and as soon as we possibly can we will recommend the minting of these silver dollars."

In recent months, the Treasury, as I said, has initiated a study of the long-range problem of the silver content of our coinage and the various questions raised by the excess of silver demand over current production. There are many problems involved and the decisions to be made are exceedingly difficult. We have given consideration to some of the possible alternatives to continuing our coinage with the present silver content, weighing the alternatives against what we have. Ultimately, of course, unless a radical change in the supply and demand situation should develop—a change which is not out of the question but which it would not seem prudent to count on—the Treasury stocks of silver will be exhausted.

Alternatives, however, must clearly be planned well in advance. Our studies have not reached a point where any decision has been made as to a recommendation for long-range Government policy in this area. Once the Treasury has arrived at certain recommendations it will, of course, be necessary to circulate the proposals for approval throughout the executive branch. Since many agencies have an interest in the field and the matter is a difficult and controversial one, it can be anticipated that decision and clearance will require considerable time. Unquestionably the Congress will wish to consider the matter with great care and deliberation before making any substantial changes in our coinage laws.

In the meanwhile, the Treasury believes that it would be in the best interests of the Nation if no such legislation as that before your committee were passed. Our silver stocks, which now amount to approximately 1½ billion ounces, are ample for continuation of the present coinage and for the supplying of silver to meet the industrial gap between supply and demand for a period of years ahead. At the rate of redemption of outstanding silver certificates in 1963, the present

supply of silver should last until about 1972. But we are certainly not acting on the assumption we have all of that time. Our effort to resolve the problem is going forward with intensity, and has been for some months. This calculation is based on the assumption of our continuing to mint silver dollars with the present silver content. Thus, while the basic problem cannot be ignored and must be faced promptly, the solution should not be a piecemeal attempt to cope with certain aspects of the larger coinage problem.

In our judgment, passage of this proposed legislation, whether as submitted by Senator Metcalf or as proposed by others to reduce the silver content to 50 percent, or 80 percent, would be premature and harmful.

The effect of this legislation can be analyzed, first, by ascertaining its effect on the definition of the standard silver dollar and then its effect on the monetary value of silver. Finally, it will be necessary to estimate its effect upon the market price of silver.

The standard silver dollar is defined by statute as containing 412.5 grains of silver nine-tenths fine. This standard was originally established in the act of January 18, 1837 (5 Stat. 137), and was subsequently included again in the act of February 28, 1878 (20 Stat. 25).

These acts retained the pure silver content of 371.25 grains originally established by the act of April 2, 1792, but changed the alloy content. Although not codified in the United States Code, these 19th century provisions nevertheless remain in full force and effect.

It might be observed, in passing, that if the content of the silver dollar is to be changed effectively by legislation, these old provisions would have to be amended along with the section of the code which is amended by Senator Metcalf's bill, which is found in the Silver Purchase Act of 1934 (48 Stat. 340; 31 U.S.C. 321).

If the weight of the silver dollar is to remain the same as at present; namely, 412.5 grains, but with silver only eight-tenths fine, there would

be just over 11 percent less silver in the standard silver dollar. This would also be true of the subsidiary silver coins as well.

The monetary value of silver, which is at present $1.2929292, is nowhere defined in law in such mathematical terms. Rather, it is arrived at by dividing the number of grains in an ounce (480) by the number of grains of pure silver in the silver dollar (371.25).

Under the formula of this new legislation which reduces the number of silver grains in the silver dollar, the monetary value of silver by the same process of division would become $1.45-plus per ounce.

The market value of silver would not necessarily immediately rise to its new monetary value. Market value is, of course, determined by supply and demand. However, the overwhelming factor in keeping the market price of silver for the last many months at the present monetary value of $1.29-plus has been the right of holders of silver certificates to get silver from the Government stocks at the monetary value.

As soon as the monetary value rose to $1.45-plus, the Government would only be able to dispose of silver at that price. With the supply from present Government stocks thus cut off, it is difficult to see how the market price could stay at its present level.

It seems reasonable to estimate that it would promptly rise from the present level and might soon reach or surpass the price of $1.38-plus, which is the value of silver in our present subsidiary coins.

Whether or not the market price rose all the way to $1.45-plus per ounce, it would immediately have become profitable to melt down the present silver dollars for their silver content, and very probably soon thereafter would become profitable to melt down all other present silver coins. This would make it impossible to maintain the present silver coins in circulation, even though some brake could perhaps be applied through imposing drastic penalties on melting and exporting.

Even if melting and exporting were prohibited by law with severe criminal sanctions, which would be difficult to enforce, a market price

of silver of $1.38 or more would seriously jeopardize all of our present silver coinage, since it would be virtually impossible to control hoarding of coins by individuals, and we would then face an even more acute shortage of change than now exists. The burden on the mints, which is already so severe, would become even worse.

This preliminary interpretation of the legislation might conceivably be open to challenge on the ground that the holder of an existing silver certificate is entitled to 77/100ths of an ounce of silver, not the lesser amount in the new silver dollar.

While we do not now think this is a valid interpretation of the law, it demonstrates the type of difficulty that can be created by hasty adoption of legislation in this exceedingly complicated area.

One of the apparent reasons for the submission of this legislation is the feeling of some people that the drainage of silver dollars from circulation and from the Treasury has been prompted by speculation over a possible rise in the price of silver.

It is our view, however, that the main reason for the drainage of these coins has been the constantly increasing interest of coin collectors and dealers who have been hopeful of acquiring some of the rarer silver dollars with numismatic value.

Perhaps the factor of speculation has played some part in the picture as well. To the extent that this accounts for the disappearance of silver dollars at the present time, we do not believe the legislation before your committee will solve the problem.

To be sure, if the market value of silver were to remain at its present level, the value of the silver in a new silver dollar of 800 fineness would be about 90 cents, thus reducing the motivation for hoarding. Since, however, as I have indicated earlier, the net effect of the new legislation, in our judgment, would be to raise the market price of silver, the market value of the silver in the new dollar would probably soon rise to very close to $1.

It seems doubtful that the new silver dollar would stay in circulation for long any better than the present ones. In fact, the only real

assurance against speculation is the knowledge throughout the market that the Treasury's present immense stocks are "on offer" at the present monetary value of $1.29.

Reducing the silver content of coins from 90 to 50 percent, as has also been proposed, would, of course, simply aggravate further the problems outlined above.

Under such legislation the monetary value of silver would become about $2.32 per ounce for the silver dollar and $2.48 for the subsidiary coins, and the market price would presumably tend to rise toward this monetary value even faster than if it were $1.45 per ounce.

It seems clear that it would almost immediately exceed $1.38 per ounce, the point at which it would be profitable to melt down our present subsidiary coins.

These problems which I have outlined are of a magnitude which require the most careful consideration by the Congress as well as by the executive branch.

They seem to the Treasury to outweigh greatly in significance the providing of silver dollars to the Western States through the means of reducing the silver content of our coinage, even though we recognize the importance which the people in these States attach to silver dollars.

We believe that silver dollars should be supplied by restoration of funds for the minting of silver dollars of the present fineness through the regular appropriation procedure. Meanwhile, we will continue the intensive studies already underway, attempting to appraise all of the metallurgical, electronic, and other requirements for a satisfactory coinage in future years.

We can do this successfully only if the essentials of the present coinage system are not disturbed—giving us the necessary time to complete recommendations to the Congress, review them with you, await your consideration and legislation, and then proceed to the minting of future requirements with the added facilities which we now expect to have in Denver within 1 year and in Philadelphia within 3 years.

Thank you, Mr. Chairman.

Senator SPARKMAN. Thank you very much, Mr. Roosa.

Senator Douglas?

Senator DOUGLAS. Mr. Roosa, is the present market price of silver in the silver dollar equivalent to $1, bullion value?

Mr. ROOSA. The actual silver content in the dollar is priced in terms of ounces at $1.29 in the market; it fluctuates a little above that, $1.29 an ounce.

Senator DOUGLAS. But I am speaking of the bullion value of the silver content of the dollar. How much is that worth now?

Mr. ROOSA. Yes; that is right on the line. That is a dollar.

Senator DOUGLAS. When did that happen?

Mr. ROOSA. It first approached the line just a year ago, in March of 1963, and has fluctuated a bit around that point. It has been very close to $1.29 since September.

Senator DOUGLAS. For years it was approximately 70 to 80 cents; isn't that true?

Mr. ROOSA. Yes; and of course the edging up from the 90 or 91 cents—which was the price we in effect maintained for many years—was altered by our policy. The decision made by President Kennedy, as I recall in November of 1961, stopped the silver sales by the Treasury at the previous fixed price. The market price then began to move up and from that time until March of 1963 it was edging on up, and it went from 91 cents plus to the $1.29 level, an increase of some 37 cents over a year and 3 or 4 months.

Senator DOUGLAS. Would you regard a decrease of 11 percent in the silver content of the dollar as equivalent to a corresponding increase in the price of silver?

Mr. ROOSA. No. It would, however—because of the importance of our mint stocks, in the total supply of available silver—probably permit such a price to occur. The way in which that would happen is, if the monetary value were changed to $1.45 under procedures that

have always been a part of our legislation, we would not sell our own silver in our stocks at a price below $1.45. It would then be sold at $1.45 and this would mean, in effect, our stocks were out of the market until the market price reached our price. It would for a time of course exert a maximum effect of drawing silver from all other sources, but in a country where the annual use is 220 million ounces and our production is 36, there is obviously a gap which is screaming for economic adjustment and the price mechanism would do it and very soon the market price would rise.

Senator DOUGLAS. Are you selling silver bullion from your silver stocks?

Mr. ROOSA. Yes.

Senator DOUGLAS. And selling at the market price?

Mr. ROOSA. We are selling at our price, which in fact because of that becomes the market price.

Senator DOUGLAS. How much did you pay for this silver when you bought it?

Mr. ROOSA. Well, the average price of our present stocks is 59 cents, and the days in which we could acquire silver at that price I suppose are gone forever.

Senator DOUGLAS. But you are not minting any additional silver dollars, is that right?

Mr. ROOSA. Not at the moment, because under the appropriations process as it relates to the mint, we can only coin any part of the currency system when there is a specific appropriation for that particular coin, or for subsidiary coin, after analysis of the components. And the silver dollar requires a special appropriation, which we were not granted.

Senator DOUGLAS. When was the last time you minted silver dollars?

Mr. ROOSA. It has been nearly 30 years, 1935. We had a large supply of silver dollars on hand in the Treasury. You see, at that time, by 1935, following the Silver Purchase Act of the preceding year, we had a total of something on the order of $500 million in coined silver dollars. It was therefore decided that it was not necessary to coin more, that these could take care of the needs. Then over that period the gradual disappearance, largely into the uses of the Mountain and Western States, absorbed them. Just by way of illustration, through the Helena Branch, in Montana, where the two Senators who were here this morning would be most interested, the gradual use of silver dollars, year by year, was originally at the rate of around something like $4 million or less, and it got up last year to something like $7 million, and then in the last 7 days of the availability of our stocks about $2½ million went to Montana.

Senator DOUGLAS. Do I understand you to say then that the coins have been minted but have not been issued?

Mr. ROOSA. Yes, they were available for issue over the time.

Senator DOUGLAS. When were they last struck off? 1922?

Mr. ROOSA. 1935 I think. Now I should explain——

Senator DOUGLAS. You had stocks of $500 million of these in 1935, when you began to redeem silver certificates?

Mr. ROOSA. Yes; and these, by the way, are all still in that form and so are our bullion sales. They are redeeming outstanding silver certificates.

Senator DOUGLAS. But silver certificates are no longer redeemable in silver, are they?

Mr. ROOSA. Yes, they are. What we are doing, of course, is just going through a gradual process of retirement.

Senator DOUGLAS. Replacing the silver certificates with Federal Reserve notes?

Mr. ROOSA. Yes. One reason for that is——

Senator DOUGLAS. How do you do that?

Mr. ROOSA. This question is a separate one. We didn't want to have this impact fall all at once on the Federal Reserve System. This impounds gold in their reserves.

Senator DOUGLAS. What is the process of substituting Federal Reserve notes for silver certificates?

Mr. ROOSA. A very simple process, which I am sure you and I remember teaching on the blackboard.

Any bank presenting worn currency at the Federal Reserve Branch and asking for the issuance of new, will be returning largely silver certificates from the outstanding circulation, $1 silver certificates, of which there are still some 1.5 billion outstanding, and as these come in the Federal Reserve banks will be receiving new currency to pay out for the uses of the bank to their customers, so there is this exchange, this rollover. As the new currency is paid out, it will include some silver certificates that are still fit, but will include, more and more, increasingly newly issued Federal Reserve notes.

Senator DOUGLAS. Now what is the average longevity of a silver certificate? What is its lifespan?

Mr. ROOSA. Well, the lifespan is—we have been trying to improve the paper—18 months for the $1 note.

Senator DOUGLAS. Have you determined when death shall be officially pronounced on the silver certificates and the new Federal Reserve notes substituted for them?

Mr. ROOSA. Well, the substitution is really a matter of determination between the Federal Reserve and ourselves.

Senator DOUGLAS. Do you have a stigmata to determine whether or not the official sentence of death shall be pronounced, or is this just a matter of deciding whether or not the note is worn?

Mr. ROOSA. Well, there are two questions. You see, as far as the worn currency is concerned, that will be replaced by something. It may be replaced also with a silver certificate now, because we are doing this gradually. And the decision as to what is the mix, as between new Federal Reserve notes and silver certificates, in what is newly paid out is our decision.

Senator DOUGLAS. How gradually are you doing it?

Mr. ROOSA. Well, it will be at the present rate about 8 to 10 years before the $1,900 million are retired. Now I ought to distinguish between the use of these silver certificates and the silver dollars, because there is no reason in economics or practice why, with the disappearance of all silver certificates, there cannot be silver dollar coins circulating, just as there is no reason why there can't be half dollars in silver circulating. So those are different questions.

Senator DOUGLAS. I understand. Now the question comes, Is there a peculiar situation where the Appropriations Committee controls the number of silver dollars to be minted? This committee is called

the Banking and Currency Committee. But neither this committee nor its parallel committee in the House has any jurisdiction on the matter. It depends on the appropriations from the Congress to authorize the minting of additional hard silver dollars.

Mr. Roosa. I would only suggest, sir, that I believe there is rarely a question that comes before this or any other committee that does not also get into the hands of the Appropriations Committee.

Senator Douglas. That is true. Now this silver you say was purchased on the average at from some 59 cents an ounce?

Mr. Roosa. Yes.

Senator Douglas. Or about 60 percent of the face value of the dollar?

Mr. Roosa. Yes.

Senator Douglas. The Treasury would make as much money minting the silver bullion into dollars as it would by selling it on the open market, isn't that true?

Mr. Roosa. Yes, sir, we would.

Senator Douglas. You would have an excess of around 70 cents on each ounce.

Mr. Roosa. From that point of view, in terms of our profit motive, Senator, we have no inclination, one way or the other. The sale of bullion or the sale of silver dollars is virtually the same. There is, of course, the cost of minting, but that is comparatively slight, it is too small to be a determining factor. The silver has already been revalued to the monetary price.

Senator Douglas. I will yield to my brethren from the West to develop the point that the Western States like to use silver dollars.

Mr. Roosa. Yes, indeed.

Senator Douglas. I remember when I traveled in the Western States, the silver dollars used to be more popular than the silver certificate.

Mr. Roosa. Yes, just as in New England and some other places they still use $2 bills and we make those available, too. We regard it as part of the Treasury's obligation to come as close as we can, within the requirements of a systematic monetary system, to respect the wishes or habits and traditional payments practices of various regions in the country.

This is why we are asking for the appropriation to make possible the continued use of silver dollars where the people are accustomed to them and want to have them.

Senator Douglas. Do you feel bitterly disappointed at the refusal of the House Appropriations Committee to grant you the money to expand the mint?

Mr. Roosa. We are, I would say, vitally concerned, because we do feel it is important to continue the present composition of our circulating medium while we carry out this thorough appraisal of where to go from here, while we have plenty of time to conduct it carefully.

Senator Douglas. Would you welcome the construction of a third mint?

Mr. Roosa. I would welcome the construction instantaneously of the mint now underway that will take 3 years to build.

Senator Douglas. There is a mint in Philadelphia, there is a mint in Denver. Wouldn't it be excellent to have a mint in the Middle West? We would like to have a mint in Illinois.

Mr. ROOSA. Well, I can imagine in my own home States of Michigan and in New York we would like to have mints, too.

Senator DOUGLAS. But I mean the East, the West, the Middle West, three of the four great sections of the country.

Mr. ROOSA. Yes. As far as we can see, Senator, and I will admit our horizon is not always clear, we believe that on completion of the Philadelphia Mint and the enlargement in Denver now underway, that we will have adequate facilities for coinage volume, in terms of number of circulating coins, of well over 7 billion. The present number of coins we now produce per year is not much more than half of that.

So that we can expect that this capacity will be enough.

Senator DOUGLAS. Of course, you are under a heavy strain, because of coin-operated devices, merchandising devices. I have never been to Las Vegas, but I would imagine there is a demand for half dollars, isn't that true?

Mr. ROOSA. There is a demand there for——

Senator DOUGLAS. Are you an expert on the gambling devices in Las Vegas and whether silver dollars are used in the slot machines there?

Mr. ROOSA. No, sir, we have experts in all fields in the Treasury, and I am sure we do in this. I think it is interesting——

Senator DOUGLAS. Do you know whether the slot machines at Las Vegas will take silver dollars or only half dollars?

Mr. ROOSA. Well, the best evidence that I can give you, Senator, is that in the final days of what has been called the silver rush, when our remaining stocks shrank from $17 to $3 million, we made direct shipments to Nevada alone of more than half of that $14 million shrinkage. It is an interesting commentary on what the chairman said earlier, that it is very hard to visualize what a million or a billion dollars is. This entire raid on the Treasury which became news throughout the country with these long queues and all of the episodes on the steps, represented a taking from our stocks of less than $3.5 million in silver. The bulk, all of the silver that disappeared during that period, was actually sent by us, and we might be criticized for this, but because of our special concern for the Western States, was sent there, as it has been all along.

So we have customarily distributed the bulk of all silver dollars in the Western States, and within these final days $7 million-plus went to Nevada, $2 million-plus went to Montana, and the rest scattered in other Western States, but these were what we were sure of as to the ultimate destination.

Senator DOMINICK. If the witness would yield, I could tell the Senator from Illinois, that on my inspection trips to Las Vegas, which have not been as frequent as I would like, I find they have one-armed bandits, as they are called, that require silver dollars, and they are there for the benefit of the Eastern and Middle Western people who come out.

Senator DOUGLAS. You mean they do use silver dollars?

Senator DOMINICK. They do.

Mr. ROOSA. Other people have told me, Senator, that the $2 bill has come back as other kinds of interests have developed, but I wouldn't elaborate that.

Senator SPARKMAN. Of course, they don't make that in silver and they can't use it.

Mr. ROOSA. That is right.

Senator JAVITS. Mr. Chairman, would Senator Douglas yield for one question?

Mr. Roosa, is it correct that you premise your whole case in opposition to the Metcalf bill upon the idea that the redemptions of the silver certificates will then escalate in terms of the debased value of the silver dollar?

Mr. ROOSA. Yes, of the new value.

Senator JAVITS. Isn't it possible for us to protect against that through legislation with respect to the redemption in silver of the silver certificate?

After all, we did the same thing with respect to gold in the early 1930's. Can we not protect ourselves against the fundamental postulate of your argument by some legislation with respect to the redemption of the silver certificate?

Mr. ROOSA. I would suggest it is about like trying to legislate the value of pi. You can try, but I don't think it can be successful. I think any attempt to legislate, as you have suggested, means that you are in fact taking the U.S. silver stocks off the market and when those stocks are held off the market, the price of silver will rise in the free market.

As soon as the free market price rises above its present level, all of the silver dollars in the Mountain States will become available for melting, and the desire of the people who signed the petition that was here this morning, will have been completely frustrated.

Senator JAVITS. Is this premised upon the limitation of silver availability in the United States or upon the world situation?

Mr. ROOSA. It is both, but since we are the dominant user, I think we get the main impact by looking at our own figures. It is, of course, difficult always to be certain of current figures in the rest of the world. But it is fair to say that our own position is such that our needs would exceed any conceivable availability of imports and while there is reported to be some increase in domestic capacity underway, I am not aware of any increase, even at the new higher price of silver, that could come anywhere close to meeting our needs. Our consumption is six times our production.

Senator JAVITS. I am talking about world production now.

Mr. ROOSA. Yes; and world production, while there has been an increase, the magnitudes are on quite a different order.

Mexico has been running not very much more than we—we don't have any data yet that would reflect the effects on production of the higher price. We do know some production is coming back. The Mexican capacity, as demonstrated in recent production, has been a little over 40 million ounces; ours is 36.

Canada is a little over 30. Peru is coming up to 36, and then others are smaller. So that within the range that we are talking about, if we could get all of the production of all of the rest of the world, we could still not meet the present consumption pace in the United States.

Senator JAVITS. Now, in view of the fact that all that is asked for is a limited use of the silver stocks, if the western Senators could satisfy the Treasury on its basic argument of the upping of the value of silver by virtue of this minting, would there be any other objection, assuming they could give us a satisfactory argument with respect to that or a way out of that?

Mr. ROOSA. I hate to give an answer. I would have to know what was proposed as the way out, because I can't imagine a satisfactory one. But let me only say this: The problem here is between the behavior of the market price and the existing content of the coinage, where the whole subsidiary coinage, already short of needs, embodies silver at $1.38. If the market price ever rises above that, Heaven help us, in terms of just meeting any of the ordinary needs of the trade.

Senator JAVITS. May I say to you that I would like to see the demands of our western brethren satisfied. Although we don't have that demand, we have other demands which we hope they will help us satisfy. So I would like to do this. I too have been to Las Vegas and though I don't think we ought necessarily to architect our policy toward that—I think they will find ways to gamble, no matter what we give them to gamble with—nonetheless I would like to satisfy the sentimental and actual demand in the West.

I would hope both the Treasury and our colleagues who are interested would devote their minds to giving us some rationale by which we might conceivably act.

Thank you.

Thank you, Mr. Chairman.

Senator SPARKMAN. Senator Simpson?

Senator SIMPSON. No questions.

Senator SPARKMAN. Senator Dominick?

Senator DOMINICK. Thank you, Mr. Chairman. Mr. Roosa, I need some clarification on some questions. I have before me a silver certificate, which says the United States of America will pay $1 in silver to the bearer on demand. Now this $1 in silver, is that in terms of dust or is that in terms of a silver dollar?

Mr. ROOSA. Under the legislation which was passed by the Congress, during the Congress of which you are now a member, the Secretary of the Treasury is authorized to exercise the option of making redemption in bullion rather than silver dollars at such places as he may determine. This was the act of June 4, 1963.

Senator DOMINICK. And this was the basis then for deciding that when people bring in certificates of this kind, that you are going to give dust instead of silver dollars?

Mr. ROOSA. No, sir; the basis for that decision was that we ran out of silver coin——

Senator DOMINICK. But you had to have some legislative basis for it.

Mr. ROOSA. The legislative basis for that shift of course was that legislation of 1963; yes.

Senator DOMINICK. Now you had quite a run on silver dollars as I remember, from the early or the middle of 1962 to the middle of 1963, did you not, some $45 million going out?

Mr. ROOSA. Yes, it was, I think, at least that much.

Senator DOMINICK. The Treasury didn't do anything about it at that time, did they?

Mr. ROOSA. Our main concern was for the availability of supplies in the areas where the coins circulated as the medium of exchange. What we did was to arrange to ship our supplies principally to the Western States. However, all of the States have special demands at

Christmastime and we allowed for special shipments throughout the country for the silver dollar Christmas present need.

Senator DOMINICK. Were you able to determine where this demand for $45 million in silver dollars came from?

Mr. ROOSA. It was our feeling that it came from, broadly, three kinds of need. Now as to location, geographically, so far as our initial distribution is concerned, it was the Western States. But the nature of the demand was of course in part from coin collectors who feared that more of these coins—at least in this form—would not become available. Coin collecting has become an increasing interest here and abroad, so this was a major item. A second of course was increasing needs of trade. Just as an illustration, in the Mountain States before this began the increased use of silver dollars had reached a rate where over the past 5 years our outpayments—and this is up until or through 1961—our outpayments have been up, varying a bit from State to State, from 20 to 50 percent, over a very comparatively short period. So with the economy booming, expanding, for some of the time at least, the needs went up.

Third, there was a speculative interest. There certainly has been a speculative interest, waiting for the time when something might happen, and the holder would feel he couldn't lose. He always had a dollar's value, but he might some day be able to sell it for a higher price.

Senator DOMINICK. Does the Treasury anticipate that the recent silver dollar demand which has been fulfilled by the Treasury will result in increased circulation of the silver dollars after they have been examined to determine whether or not there are any rare coins in those thousand dollar bags?

Mr. ROOSA. Yes, we would expect so. There again I think the picture is one that is difficult to translate into real numbers. Of course some were actually returned to us. People examined them for what they thought might be rare coins, and turned them back in to the Treasury. This looked like quite a volume. In fact it was $300,000.

Senator DOMINICK. Out of how much that was taken away?

Mr. ROOSA. Just under $3.5 million, which we paid out here in Washington.

Senator DOMINICK. So you only got $300,000 back?

Mr. ROOSA. Yes; and that of course was paid out again, so it is gone. This doesn't mean that these——

Senator DOMINICK. Actually that was a gamble without a risk, wasn't it, for everybody who was getting a silver dollar? He took the gamble he might find a rare coin in it, and he took no risk, and he could always get the dollar back again.

Mr. ROOSA. That is true of a great deal of coin collecting, yes.

Senator DOMINICK. I am interested in your comments that this proposal of Senator Metcalf's would result in silver being worth $1.45 an ounce. I find the same comment made in a report from the Federal Reserve. I don't quite understand how you arrive at this.

Mr. ROOSA. It is just a matter of algebraic transposition. If the nine-tenths fineness produces $1.29, and you move on down from nine-tenths to eight-tenths, transcribe, it works out to be $1.45, or a little over that.

Senator DOMINICK. You put less silver in the dollar and the dollar therefore becomes worth more?

Mr. ROOSA. The dollar does not become worth more; the silver in it becomes worth more per ounce. The point is that you have to pay more per ounce for the silver that is now in a dollar. The language can be put either way. The monetary value is higher, and this, to use Senator Javits' harsher word, means the debasement of the currency. This is something I know is always difficult to understand in all monetary affairs. When you devalue a currency, you raise its price.

Senator DOMINICK. Well, you don't really raise the price, you just devalue your own currency?

Mr. ROOSA. Well, the fact is the act of devaluation is in fact an act of raising the price. It means the currency itself will buy less silver.

Senator DOMINICK. Do I understand from this comment, which I gather is an official statement of the Treasury, that the Treasury takes the position that it is establishing the price of silver, as well as of gold?

Mr. ROOSA. The Congress, in any legislation it may enact, will, so long as the Treasury has large stocks and it sets a price at which we may sell it, the Congress is for that period determining the market price, and I would like to stress that the only connection between this and gold is the fact that silver has in the past been part of the monetary standard, that it has not been for a good many years and that for this purpose silver is a commodity used in the subsidiary coinage, it is not a part of our monetary standard.

Senator DOMINICK. You believe you have an ample amount of silver now on hand for coinage purposes; is this correct?

Mr. ROOSA. Yes.

Senator DOMINICK. I think you testified earlier that in 1961 President Kennedy prohibited the Treasury from selling silver bullion on the industrial market?

Mr. ROOSA. Yes; the decision to suspend sales of silver at the old price of 91-plus cents per ounce was made in November 1961.

Senator DOMINICK. How does it happen that you testified in answer to a question I believe from the Senator from Illinois that the Treasury is now selling silver bullion?

Mr. ROOSA. Because we have had new legislation, the legislation enacted last year.

Senator DOMINICK. And this new legislation in fact prohibited sales on the open market; did it not?

Mr. ROOSA. No; what it provided for was the redemption of existing silver certificates, by sale, and as I also explained to Senator Douglas, whenever our bullion is sold, a corresponding amount of existing silver certificates is redeemed, withdrawn from future circulation, so every sale is in fact a redemption of silver certificates.

Senator DOMINICK. I know that it authorized the redemption of silver certificates. I am talking about the sale of silver bullion.

Mr. ROOSA. Every sale of silver bullion has been paralleled by a retirement of a corresponding amount of silver certificates. It is a redemption transaction.

Senator DOMINICK. Do you mean you transpose Federal Reserve notes for silver certificates and then sell the corresponding amount of bullion on the open market?

Mr. ROOSA. No; it is not sold on the open market, but it is available for purchase at our assay offices, just as you can get the $1 packets, if you appear with a $1 bill, the packets of dust, or if you have larger denominations, then it is available in bars.

Senator DOMINICK. I thought we put some restrictions in that legislation, and I believe we did, concerning the right of sale of silver bullion from Treasury stock.

Mr. ROOSA. Our General Counsel, Mr. Belin, is here and he can comment on the law. I am sure we are pursuing our customary impeccable course, but I am not a lawyer.

Senator DOUGLAS. You admit your are pursuing your customary impeccable course?

Mr. ROOSA. I have to make a self-serving statement every so often.

Senator DOMINICK. I would be delighted to hear from Mr. Belin.

Mr. BELIN. What is the question? Whether we are selling as distinguished from redeeming?

Senator DOMINICK. It is my understanding we put restrictions on the disposition of silver bullion from Treasury stock in 1963.

Mr. BELIN. What the law of June 4, 1963, said was that unless the market price of silver exceeds the monetary value, the Secretary of the Treasury shall not dispose of any silver held or owned by United States in excess of that required to be held as reserves against outstanding silver certificates, but any such excess silver may be sold to other departments and agencies of the Government, or used for the coinage of standard silver dollars and subsidiary silver coins. Silver certificates shall be exchangeable on demand at the Treasury of the United States for silver dollars or at the option of the Secretary of Treasury at such places he may designate for silver bullion at a monetary value equal to the face amount of the certificates.

Those are the restrictions in the present law.

Senator DOMINICK. Now there is a restriction on disposition of Treasury stock of silver bullion; is there not?

Mr. BELIN. That is right. We can't just sell it unless the market price exceeds its monetary value.

Senator DOMINICK. You can't sell silver bullion unless the market price exceeds its monetary value?

Mr. BELIN. Unless the market price of silver exceeds its monetary value.

Senator DOMINICK. What does that mean?

Mr. BELIN. I suppose the market price could rise above its monetary value——

Senator DOMINICK. How do you know what the monetary value is unless you have a market price?

Mr. BELIN. The monetary value is set by law from the content of the standard silver dollar.

Senator DOMINICK. That is in terms of ounces of silver and gross weight. But it doesn't say anything about value. It says you have that many grains of silver.

Mr. BELIN. But it is a division factor, Senator. If you have so many grains of silver in an ounce, and so many grains in—so many ounces in a dollar, you divide. We set that forth in our statement on page 7. I think this is the simplest way I know of stating it:

The standard silver dollar is defined by statute as containing 412½ grains of silver nine-tenths fine.

Senator DOUGLAS. I don't want to add to the difficulties here, but I remember the Under Secretary saying that the market price was equal to the bullion value of the silver in the dollar. How, if it is equal, it is not greater? And if it is not greater, then what authority do you have to sell bullion?

Mr. ROOSA. Let me explain, Senator. In the same comment, I said, and you remember I even made a quotation, I referred to the current market quotation of silver, indicating that the futures market, even yesterday, after a tumble, came down to $1.31. So there are market quotations which are above the monetary value. This is a futures quotation.

Senator DOUGLAS. Do you use the spot price?

Mr. ROOSA. The spot price also has a tendency to rise. When I said it determined it, I mean in the same sense that any broad and general influence determines the level. If the market price gets more than a few decimals beyond the 29 cents, above the 0.2929, then the Treasury is authorized to dispose of bullion. And, of course, this condition has prevailed all of the time.

But I was using the statistician's liberty of neglecting the third, fourth, and fifth decimal points.

Senator DOUGLAS. You sold only on those occasions when the market price has been in excess of the bullion value.

Mr. ROOSA. Yes, of the monetary value, yes. And the fact we sell keeps it very close.

Senator DOUGLAS. Thank you.

Senator DOMINICK. In forms of gold, we have established an ounce of gold as being worth $35. We did that in terms of legislation and we fixed the amount of grains of gold in the ounce which would bring that result, as I understand it.

Mr. ROOSA. Yes.

Senator DOMINICK. We have not done this in silver. We have not established the value of silver, as a Government entity, as far as I know.

Mr. ROOSA. You have taken every step that would establish it, without saying so in the final sentence. You have established all the conditions, without drawing the conclusions.

Senator DOMINICK. Well, the Treasury is getting very erudite, as far as I am concerned. I can't see how you can determine what the value of silver is unless you try to find out the market value.

Mr. ROOSA. There are the two points. There is the monetary value and whatever is prevailing as the market price. For some 88 years, the market price of silver was below the monetary value in this country. It has finally reached the monetary value and is now going fractionally above.

Senator DOMINICK. We have a round object which we denominated as the dollar. That remains as a dollar, in name, regardless of the amount of ounces of silver you have got in it. This, therefore, doesn't have any effect whatsoever on the question of what the value of silver is. Silver value is determined by the market price.

Mr. ROOSA. There is nothing, I believe, Senator, that distinguishes us here. The fact is in establishing the conditions that the Congress has laid down concerning the fineness of silver that will be used in the dollar and establishing the conditions under which redemption of those

silver dollars may occur. The Congress has established, then, a series of conditions which is a fully determined series of equations that any mathematician would be satisfied with, and once you solve the situations of equations, the answer is a dollar in monetary value is 1.2929, and related to that, there will always be a market value, where silver is trading in response to supply and demand.

Now if through the redemption of outstanding silver certificates someone is able to add to the supply by redeeming silver certificates then at this monetary value, and if the stock upon which he can call, as he redeems certificates, is very, very large in relation to any other supply, this helps to determine the market value.

Senator DOMINICK. How do you increase your supply by selling silver bullion on the market? How do you increase your supply that way?

Mr. ROOSA. Well, the supply available to users in the market consists of the silver that they can have in possession, dispose of, process, or otherwise employ. And if through redemption of silver certificates, you may acquire more silver, you have, in that way, added to the supply of silver in the going market.

Senator DOMINICK. I misunderstood you then. I thought you were saying the Treasury was increasing its supply by redeeming silver and selling silver bullion.

Mr. ROOSA. Oh, no, sir.

Senator DOMINICK. How much, in fact have you sold in the last year?

Mr. ROOSA. In bullion, in terms of the redemptions—the redemptions came to 19 million ounces in 1963 and about 9½ million ounces in the first 3 months of 1964—an annual rate of 38 million ounces. There were no redemptions in 1962 or 1961.

Senator DOMINICK. So, in effect, then, your estimate is that you sold more bullion in 1963 and are selling more in 1964 than you did in 1962 or 1961?

Mr. ROOSA. Oh, yes, yes. The redemption rate is certainly going up.

Senator DOMINICK. I am not going to take issue with you on this redemption thing again. But in any event, you made available to the public market more silver bullion?

Mr. ROOSA. Yes.

Senator DOMINICK. How much did you make available to the other governmental Defense agencies, not necessarily Defense, but all agencies?

Mr. ROOSA. All Government agencies, in 1961, it was—this is now in ounces—673,000 ounces; in 1962 it was 881,000 ounces; and in 1963, much larger, 6,116,000 ounces. In value, roughly, that would have been about $8 million.

Senator DOMINICK. Now on page 6 of your statement you point out that you expect your present supply of silver to last until about 1972. That isn't very far in the future.

Mr. ROOSA. No, sir, it is not.

Senator DOMINICK. Are you making any shift in your program of conserving your supply of silver, or are you still making it available to the users on the public market and to Government agencies?

Mr. ROOSA. So far as the Government agencies are concerned, the use, as I have indicated, has not, thus far, been substantial, so no specific action has been taken there.

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Senator DOMINICK. 6 million ounces, you say?

Mr. ROOSA. Yes; against 1.5 billion. And so far as the longer range uses of silver are concerned, I would just like to try to make clear the approach that I attempted in my statement. It is our feeling the most disruptive influence in the use of silver now would be for the market price to move up, as it would tend to, if the monetary value went to $1.45.

The reason for that is that the existing silver dollar subsidiary coins would then pass the melting point, begin to be melted and used as silver.

Senator DOMINICK. Let me ask you this question: It is entirely possible consumptive demand will bring that about, anyhow, will it not?

Mr. ROOSA. Provided there are silver certificates which may be redeemed and may be redeemed against the present $1.29 price, then the market price can't rise appreciably above that level. What we are saying is while that condition lasts, the very thorough study that we have underway will be completed, and Congress will have considered how it wishes to redesign, if it does, the currency system, including all subsidiary coinage, and there will, in turn, have been time to produce whatever is needed as replacement or supplement to the existing coinage while this silver stock lasts.

Senator DOMINICK. In effect, then, you are saying the Treasury has the right to control the price of silver on the open market.

Mr. ROOSA. Congress has authorized us to redeem silver certificates, which we will do and which in effect sets a ceiling of $1.29 per ounce for silver. We do not determine the price—it is determined by Congress.

Senator DOMINICK. Well, this may be your decision, but I fail to see that written in policies, anywhere.

Mr. ROOSA. So far as the conditions which bring this about are concerned, I believe we have reviewed those, and so far as the implication is concerned, perhaps I am only engaging in a literary interpretation of a complex series of legal enactments, but the clear and straightforward implication, to me, is that when the various conditions specified, as we have reviewed them, are handed to the Treasury to carry through, the Treasury is, in fact, obligated to make silver available for redemption against what silver certificates remain in existence at the indicated monetary value, so long as our stocks are large, and this redemption process necessarily becomes a major source of supply in the public market.

Senator DOMINICK. I am still not a bit sure on what my attitude on this particular bill is, and I thoroughly subscribe to the need for doing something about the silver dollars situation and I appreciate your recommendation on the appropriation for additional minting.

I am still trying to find out, however, if we need silver for coinage purposes and are going to need it in the indefinite future. I have great difficulty in finding out why the Treasury keeps on selling it in the open market and giving it or selling it to other Government agencies.

I tried to get this changed, as you know, by an amendment to the bill in 1963 and this amendment was opposed by the Treasury Department.

Mr. ROOSA. Yes.

Senator DOMINICK. If we need subsidiary coinage in terms of silver, I can't see the logic of that.

Mr. ROOSA. It is the inescapable logic of economic law. And there is no escape from this fact.

Senator DOMINICK. That is a nice statement, but it doesn't help me at all.

Mr. ROOSA. Let me review once more. The fact is that the present market price of silver remains at this level, Senator Dominick, not necessarily to the decimal point. It remains at this level because the largest component in the supply becoming available to the public market is obtained through redemption from Treasury stocks. If that supply is cut off, as your suggestion would imply——

Senator DOMINICK (continuing). Then the market price inevitably rises.

Senator DOMINICK. That is correct.

Mr. ROOSA. As the market price rises, what happens, except for melting down the existing coinage.

Senator DOMINICK. I don't think so. This is the logic you have always come by and this is the logic that has so badly depressed the production of minerals and metals throughout this country.

If you have a demand for silver, just like when you had a demand for uranium, you are going to find additional supplies being mined all over this country and you are not getting it done now, because you are keeping the price at an artificial level, which is for the benefit of the users, largely, and which has therefore prevented any real incentive to productive silver mining.

Mr. ROOSA. If I may say so, Senator, I think a price increase within a year and a half of 38 cents which represents, percentagewise, an increase of more than 40 percent in price, is, itself, a considerable inducement.

Now I would grant there hasn't been time for all of the additional production I would hope that would provide. But the difference is that to bring production into force takes time, to melt existing silver out there in the coinage is a very quick response and it has occurred in country after country around the world, when even it has occurred not so long ago in Mexico when the market price exceeded the monetary value embodied in the subsidiary coin.

And it is our belief that once the monetary value exceeds $1.29, it will become profitable to people to melt down existing silver dollars. Once it exceeds $1.38, it will become profitable to melt down halves, quarters and dimes, and the profit motive and individual enterprise being what it is—thank goodness for it—this will happen. And this is what I mean when I say this is inescapable economic law.

Mr. BELIN. Mr. Chairman, could I put in something, a misconception which I think has crept into this part of the hearing? The use of the word "sale of our silver" is perhaps a loose term.

What has happened with our silver has been the redemption of silver certificates. Now, the sale privilege relates only to the so-called free silver, which, as Senator Dominick knows, is a small number of ounces—we have the figure here somewhere—but that is only in excess of what is in back of our silver certificates.

The silver that is supplied to the market is through the redemption of silver certificates and that is not a question of optional Treasury exercise of policies. It is simply our responsibility under the law.

Senator DOMINICK. That helps me a great deal. Thank you very much for that. What you are saying, in effect, is the silver bullion which has been disposed of is largely just redeeming the silver certificates?

Mr. BELIN. Yes, sir.

Senator DOMINICK. Mr. Chairman, I have more questions, but I dont' know if we are permitted to go on.

Senator SPARKMAN. As a matter of fact, we are in a very difficult position, because as soon as this quorum call is finished, we get into the buisness of the day and the committee cannot sit beyond that time. We have Senator Metcalf still waiting, Senator Saltonstall has come in, and Mr. Hardy has not been heard from yet, and a good many other witnesses. The chairman had hoped that we might finish these hearings today. He had to leave as you know to get over to the Senate session.

It seems to me that the proper thing for us to do, instead of adjourning the hearings for good, is to just recess them, subject to the call of the Chair at such time as we may continue.

Let me ask, is Mr. Hardy here all of the time, or will he be here for some period of time?

Mr. HARDY. I will be here through tomorrow, Senator.

Senator SPARKMAN. Mr. Hardy, would it be asking too much of you to ask you to file your statement? I am advised that the chairman does not think he can have a committee meeting tomorrow. I hesitate to ask different ones to file statements, because I think this questioning is certainly helpful to us, whether it is helpful to the cause or not, it is helpful to the members of the committee I am sure. But as many of those who were going to testify who care to do so, if you would file statements with the committee, we would be very glad to have them, and then I suggest we adjourn the meeting until a future time at the call of the Chair. And may I ask Senator Metcalf, since he stepped aside for somebody else, if it would be satisfactory to him to hold up until we can get another meeting of the committee?

Senator METCALF. Yes. I would hope that I would be permitted to testify and submit to questions at some future meeting, Mr. Chairman. But I will submit the prepared statement I had today for the record.

Senator SPARKMAN. Without objection, that will be placed in the record.

(The statement referred to follows:)

STATEMENT OF LEE METCALF, A U.S. SENATOR FROM THE STATE OF MONTANA

Mr. Chairman, it is a pleasure to testify on behalf of S. 2671. I especially appreciate your prompt action in scheduling these hearings on a subject so meaningful to us from the West.

One of the last official acts of the late President John F. Kennedy was the transmittal to the House of Representatives of a supplemental appropriation bill for the legislative and executive branches.

That proposal, dated November 21, 1963, included a request for the transfer of funds—previously appropriated to the Office of the Treasurer for salaries and expenses in connection with the printing of silver certificates—to the Bureau of the Mint, for the manufacture and shipment of 50 million silver dollars. Senator Mansfield and I supported the President's action.

This request was supplemented by the budget President Johnson presented to Congress this year. He sought authority to mint an additional 100 million silver dollars in the year beginning July 1.

Both these requests, as we are all well aware, were turned down by the House Committee on Appropriations in its report on H.R. 10532, the Treasury, Post Office, and Executive Office appropriation bill for fiscal 1965.

Accepting the premise of my bill and reducing the amount of silver in the dollar will eliminate the possibility that it would be profitable to melt down silver dollars for their silver content—a possibility which would become a reality with an increase in the price of silver. The minting of additional silver dollars also would discourage collectors who believe that silver dollars will be going out of circulation and are consequently hoarding in the anticipation of big profits.

At present there is no seigniorage in silver dollars. Seigniorage is the difference between the cost of the metal in the coins and the face value of the coins after they are made. A pound of alloy, copper, and zinc will produce 145 1-cent coins, with a face value of $1.45. This metal in this $1.45 worth of pennies costs 30 cents. The labor involved costs 10 cents. So we taxpayers make $1.05 on every 145 pennies produced.

By reducing the silver content in the dollar from 900 parts silver to 800 parts silver (or less if the committee should so decide) and supplementing this reduction by a cheaper metal such as copper we will be giving silver dollars seigniorage, that is, make it profitable for the Treasury to produce them.

I cannot agree with the Treasury Department argument that the monetary value of silver should be increased and that by reducing the silver content in the dollar we will increase the price of silver to $1.45.

The refusal to allow the Treasury to mint additional silver dollars has resulted in a rush on the banks and the Treasury for these coins by collectors and profitseekers—a rush which saw the Treasury's inventory of some 25 million dwindle down to a mere 3 million in a few days. Despite attempts to limit purchase, persons were buying silver dollars by the thousands. Many individuals have bought as many as $300,000 each. (I, myself, tried to purchase 2 million silver dollars from the Treasury for a constituent banker for distribution in Montana.) When news of this raid on our silver dollars reached Montana there came a howl, and it wasn't coyotes; it was my constituents.

Montanans are proud, and have long been proud, to have the silver dollar as their principal medium of exchange. They do not want the silver dollars to go the way of the homing piegon, the buffalo, the bald eagle, and the whooping crane. Neither do I.

Following my appearance before the House Appropriations Committee, I introduced S. 2671, the purpose of which is to redefine the silver content in silver coins by a suitable alteration of section 3514 of the Revised Statutes in such a manner as to reduce the silver content of the coin from nine-tenths silver to eight-tenths silver.

I choose this approach to the problem because the House committee gave as one of the reasons for its refusal to approve additional dollars the fact that the silver in a silver dollar, at current prices, is valued at slightly more than a dollar—$1.00005—according to the Director of the Mint. The committee report includes these words:

"The committee feels that additional silver dollars should not be minted until the Congress enacts legislation concerning the silver content of the silver dollars."

When I suggested in my testimony before the House committee that thought be given to reducing the amount of silver in the coin, the chairman, Mr. Gary, replied: "That is one thing this committee definitely thinks should be done. The content of silver in a silver dollar is very much higher than the content of silver in two half dollars. We feel that this should be equalized.

"Unfortunately, this is a matter that our committee has nothing to do with. It is a legislative matter, not an appropriation matter."

We must make the decision on silver content in our coins sooner or later, so why not do it now, before a real problem—a real shortage of silver, exists. Our population is growing. Silver consumtion is on the upswing in such fields as space exploration, photography, electronics, and coins for mechanized merchandising. The supply of silver, including salvage and new sources, has not kept up with demand, and the Congress should address itself to the problem of encouraging mining if we are to achieve a long-range solution. The mines of my State, which were fourth in production of recoverable silver in 1961 and 1962, the latest figures I have available, should and could be used to provide at least a part of the solution. Let us, for a change, close the gate before the horse gets out.

The coinage of these new silver dollars will continue to give the United States a dollar which is almost unique in the history of this country—a full weight coin, the face value still almost equal to the silver contained in it, a coin circulating in large volume (the new coinage would enlarge the number of outstanding silver dollars by more than 30 percent) yet not at all likely to limit the Treasury's capacity to supply silver for subsidiary coinage or for industrial users who redeem silver certificates.

It is estimated by the Treasury Department that it costs $9.20 to manufacture 1,000 paper dollars and $12.50 to mint 1,000 silver dollars. Silver dollars have a 30-year life and paper dollars an 18-month life. The production of longevous silver dollars rather than short-lived paper could have approximately $26 million in production costs over the 30-year life of the silver coin.

In any event, what Senator Mansfield, Senator Bible, Senator Cannon, other western Senators, and I want is more silver dollars. Whether they are 100-percent silver or 99-percent copper, we want hard cash, real money, and I sincerely hope that you will see fit to use S. 2671 to achieve that end.

Thank you.

Senator METCALF. I would also like to submit for the record a statement from my colleague, Congressman Olsen.

Senator SPARKMAN. Without objection, that will be placed in the record.

(The statement referred to follows:)

STATEMENT OF ARNOLD OLSEN, A U.S. CONGRESSMAN FROM THE STATE OF MONTANA

Mr. Chairman and members of the full Committee on Banking and Currency. I want to thank all of you for the opportunity to testify before your committee in support of S. 2671, introduced by Senator Lee Metcalf and cosponsored by Majority Leader Mike Mansfield, Senators Bible, Church, Cannon, and other western Members of Congress.

I am sure the committee is aware that the amount of silver coin that has been issued by the Treasury into the economy has been growing a very great deal. In fiscal year 1957, there was 18.5 million in silver dollars issued. In this fiscal year 1964, which is not completed until June 30, 65 million have already been issued. Because it was calculated, there were only 25 million silver dollars in the Treasury up until 2 weeks ago, and at the present time, this has been depleted to 3 million silver dollars. Consequently, creating the problem of insufficient silver dollars to supply the demand between now and the end of this fiscal year. The banks of the West and particularly in the State of Montana are in serious trouble because they are unable to meet the daily request of the business section.

I know that some authorities credit those interested in coin collection, numismatists with the increased demand for silver dollars. However, the rate of issuance of silver dollars was increasing rapidly from 1957 through 1961 before the interest of coin collectors was aroused, showing it wasn't just coin collectors that were absorbing the coins. The use of silver dollars is not just a Western custom, but even in Philadelphia and New York, we find the Federal Reserve bank in each of those places issuing 1.5 million silver dollars a year. Of course, the major users of silver dollars for legal tender are found in the Western States of Montana, Idaho, Nevada, Arizona, Wyoming, and parts of Colorado, New Mexico, Oregon, and Washington. The economy in these areas is growing, and they are, of course, growing in their use of the silver dollar.

The most persuasive argument for the minting of silver dollars is that it is an economy move. It cost $9.19 per thousand to print paper money, and it costs about $13 per thousand to mint silver dollars. Thus, for a silver dollar or a paper dollar, the approximate cost is one penny. Yet a paper dollar will last only 18 months, I have learned. A silver dollar will certainly last more than 25 years before it must be recalled.

I know there is the argument that users of silver, industrial as well as silversmiths, will melt down silver dollars for use in their trades because the value of the silver dollar is now more than $1, to be exact being worth five one-hundredths of a cent more than $1. This situation arises when the price of silver becomes more than 1.2929 per ounce. However, I don't think there is any incentive to melt down dollars into bullion because the dollar is not pure enough for the industrial and silversmith's needs.

What is more, the production of silver is rapidly increasing, and the price of silver has stabilized. Thus, this imagined danger just isn't going to arise. However, if the danger arises, we can put a little less silver and a little more of the base metals into the silver dollar to make it a few cents less in silver value. By redefining the silver content in silver dollars, I think we can meet the threat and so-called danger from the silversmiths. Therefore, the passage of S. 2671 is imperative.

There is a further factor of interest to my people in the West and particularly in the mining area of Western Montana. That interest is the fact that the coinage of silver is a market for silver. It isn't by any means the only market for silver; but it is one of the markets and because there is a demand for the use of silver dollars, I think that it should be met for the convenience of the public and also out of justice to the mining industry that produces this silver.

I earnestly solicit your Committee on Banking and Currency to recommend to the Congress of the United States the passage of S. 2671 and the coinage of more silver dollars in the immediate future.

Senator SPARKMAN. Senator Saltonstall, will you have something to add?

STATEMENT OF LEVERETT SALTONSTALL, U.S. SENATOR FROM MASSACHUSETTS

Senator SALTONSTALL. Mr. Chairman, I have a short statement here that I will be glad to put in the record and possibly reserve the right to appear at a future date.

Essentially, my statment asks for a thorough, ongoing investigation and study of this whole situation before we change the monetary value of the silver dollar. And I speak from the point of view of users of silver.

I have the greatest respect for the producers of silver. We in Massachusetts use someplace around 7 percent of all of the silver for the silver industry. We have the photographic industry in addition to that and, of course, there is the Defense Department, which I believe uses about 15 percent.

So all I ask is that the committee study this matter very, very carefully before they act on it, as this bill was just filed on March 22.

Senator SPARKMAN. If the Senator would file his statement, we would be very glad to have it and if later he wishes to testify in person further, we will be glad to have him.

(Senator Saltonstall's prepared statement follows:)

Mr. Chairman, I appreciate the opportunity to appear before your committee in connection with S. 2671, a bill to redefine the silver content in silver coins. Passage of this legislation would permit a rise in the market price of silver to $1.45 per ounce. This would be done through the simple expediency of cutting the silver content either in our coins or in reserves as backing against silver certificates.

Congress should not act hastily on a proposal with the far-reaching consequences of this bill. Its passage would have potentially serious effects on our economy and our defense effort. A more thorough study of the problem than these brief hearings will permit is certainly called for before the matter is taken to the Senate floor. As the distinguished chairman of this committee pointed out only yesterday, the effects of this legislation would be felt in political, financial, and economic situations not only at home but also abroad. A devaluation of the silver dollar would not be understood.

The senior Senator from Nevada, Mr. Bible, in testimony presented before this committee yesterday, raised some very thoughtful questions in suggesting that a complete review, not only of our silver policies but of our entire monetary

policies, is absolutely necessary. I agree with him that we should not act hastily without more information as to the possible ramifications of this legislation.

I am surprised that this bill is being taken up at this time. It was only last June that the Congress enacted Public Law 88–36, which was designed to stabilize the price of silver, yet this bill would tend to increase it. During the discussion last year, Secretary of the Treasury Dillon stated that enactment of that bill "* * * would presumably result in stabilizing the market price at somewhere close to $1.20, a price that is favorable for the producers and at the same time it will benefit the user industries by giving them the much needed assurance of a relatively stable price level."

He also pointed out "* * * since 1961 the producers have seen a spectacular increase in the price of their product, amount to 40 percent * * *. While this increase in price has benefited the producers, the recent rapid rise has created difficulties for the users."

Now, only 9 months later, we find legislation introduced which would permit the market price to rise from the present $1.29 per ounce to $1.45 per ounce. This is not the "relatively stable price level" which was promised by the President, the administration, and the Congress.

As one who represents a State and an area with important silver-consuming industries, I know how serious the effects of this legislation could be on those industries. Silver has found increased use in industry, not only in the production of jewelry, sterling, and plated silver, but also in such industries as metal joining, photography, and electronics, both for defense-space purposes and civilian consumption. The photographic industry has become the largest user of silver in this country, accounting for about 30 percent of the total consumption. Silverware and jewelry now account for from 20 to 25 percent.

Silver prices have risen 40 percent since late 1961 when the President, in order to conserve the Treasury supply, issued an order stopping Government sales of silver not needed to back paper currency. The present price of about $1.29 per ounce compares to about 45 cents when the 1934 laws were enacted. These price changes have caused serious hardship to industrial users.

New England has more than half of the Nation's silver and jewelry industry, and more than a proportionate share of the country's electronic industry. In terms of employment in the United States, New England's share of the jewelry and silverware industry is 50.8 percent. The corresponding figure for electronic components is 19.3 percent. Adverse price increases or uncertainties in the silver market could increase substantially unemployment in our section of the country.

The effect of enactment of this bill would be to raise the price of silver. I am not an expert in this field, but I know the consequences of such an action for Massachusetts and New England industry. Our area would be hurt seriously by enactment of this legislation. I sympathize with the problem of the silver producers, but I believe that before any action is taken by this committee on a bill which was introduced only on March 20, there should be careful investigation of its effects on our monetary system, on employment, on domestic industry, and on the whole question of imports from abroad.

Senator Sparkman. Without objection, the statements of Senators Bennett, Dodd, and McGee will be included in the record at this point and, of course, they will have a chance to testify in person at any further hearings.

Statement of Wallace F. Bennett, a U.S. Senator From the State of Utah

Senator Bennett. The recent run on the Treasury by coin collectors has again focused the attention of the Congress on our silver problem. However, our present and potential difficulties with silver coinage are not simply the result of the activities of eager coin collectors. There is a far more fundamental difficulty arising from the fact that the intrinsic value of our coinage is affected by the price of silver in the world market.

Except for one or two other brief periods in the history of our monetary system, the intrinsic value of our coins has been significantly below their monetary value, and thus there has been no problem of a withdrawal of silver coins for their metal content. It will be remembered, however, that during the War of 1812 and again during the Civil War, metallic coins virtually disappeared. In 1837, silver coins again disappeared, because they were more valuable than

gold at the official Treasury rate of 16 to 1. Frequently during these early years subsidiary coins ran into special difficulties because their silver content was set on a basis of intrinsic value rather than token value. Every time there was an inflationary trend, the coins became worth more as metals than as money; and people began hoarding them.

The problem was finally cured in 1853 when Congress reduced the silver content in subsidiary coinage by 6.9 percent, thus giving the silver in these coins a monetized value of $1.38 an ounce, with the silver dollar monetized at $1.2929 per ounce.

Today we are again facing this same fundamental problem. For many years the price of silver has been below the monetary value of our silver coins; but when the Treasury was forced to suspend silver sales in 1961 because the free stocks had been greatly depleted, market forces resulted in a rapid rise in silver prices.

In January of last year, the Treasury had only 30 million ounces of free silver left for coinage against an estimated demand for the year of 75 million ounces. Yearend figures show that the 75-million-ounce estimate was far too low. The Treasury was unable to go into the world market to purchase additional silver to meet its coinage needs because to do so would have forced the price above $1.2929 per ounce—the point above which it becomes profitable to melt dollars for their metal content. So we passed the Silver Purchase Act of 1963, which validated the price of silver at the ceiling of $1.2929 per ounce, which has been official since 1793. At the same time, we started issuing new $1 Federal Reserve notes to replace outstanding silver certificates, thus freeing Treasury silver for coinage needs. When this 1963 act was passed, I warned that our problem had not been solved but that we had just bought time in which to act.

A year of that time has now elapsed. The silver content of silver dollars now approximately equals their face value as coins. This has resulted in the beginning of hoarding on the speculation of receiving profit. It has also encouraged hoarding of dollars for their rare-coin value and has created a run which temporarily drained the Treasury of its stock of silver dollars.

Although it is denied by some, we might as well face reality—the problem which faces us today is similar to the one which we faced when silver coins were withdrawn from circulation during earlier periods of our history. Once we admit this fundamental problem, the next move is to determine a course of action that is equally fundamental. Several alternatives have been suggested, some of which do not face the basic issue. These alternatives are:

1. Mint more silver dollars with present silver content intact.
2. Mint more silver dollars with a decrease in the silver content from 900 to 800 grams, as outlined in the bill presently before this committee.
3. Abandon the silver dollar, letting it become either a source of metal or a rare coin collector's item. This means that it would be necessary to make a complete analysis of the whole problem of silver coinage, including the various demands being made on Treasury silver to develop a new Treasury silver policy.

Let's look at the figures of silver production and consumption as a basis for our choice.

In 1940, silver production and consumption in the United States were approximately equal, at a figure of 68.3 million ounces. In 1963, domestic silver production was 37 million ounces—a decline of 31.3 million ounces. During this period, U.S. consumption had increased to a total of 221.3 million ounces in 1963, thus leaving a deficit of 184.3 million ounces. Even if we could return to the 1940 record production, we would still have a deficit of 153 million ounces.

In 1963, free world silver production was 210.5 million ounces. This total was made up of 159.5 million ounces in the Western Hemisphere and 51 million ounces from other free world sources. Free world consumption during the same year totaled 419.2 million ounces. This total breaks down this way: 247 million ounces for industrial and art purposes, 60.9 million ounces for foreign coinage purposes, and 111.3 million ounces for U.S. coinage. That leaves a free world silver deficit of 208.7 million ounces for the year. Use of silver in industry and the arts alone amounted to about 12 percent more than total new production.

At the end of 1963, the Treasury had an inventory of 1.584 billion ounces of silver. If present rates of production and consumption do not change and if the Treasury continues to sell its silver to all comers at $1.2929 an ounce—thus keeping a ceiling on the price of silver and permitting other countries to hold their silver off the market for the inevitable break through the ceiling price—present U.S. deficits will exhaust the Treasury stock in about 8 years. If produc-

tion continues its present downward trend, and consumption continues its present upward trend, however, this period will be significantly shorter.

In view of these facts, let us look again at the alternative suggestions.

The first suggestion was to mint more silver dollars maintaining their present silver content. By this action, no change in policy will be needed at this time. All silver certificates outstanding could be redeemed with silver dollars. But from the figures we have just examined, it is obvious that it would not be long before the silver stocks of the Treasury would be depleted, forcing a change at that time. Hence this alternative is shortsighted and unwise.

The second alternative is to mint dollars with a lower silver content. If new dollars containing 800 grams of silver are issued instead of the present 900-gram silver dollars, Gresham's law would operate; and the old dollars—which would be worth approximately $1.11 in terms of the new dollars—would be withdrawn from circulation and hoarded.

With the silver content in new dollars at 800 grams, no one would request such dollars for silver certificates—except as collectors' items—as long as the Treasury continues to sell bar silver for $1.2929 an ounce. Also, the new dollars would not fill the redemption requirements unless a change is made in the basic law regarding the value of silver.

The proposition to mint 50 million new silver dollars, regardless of the silver content, is unrealistic. The experience which we have just had with the new issue of half dollars should make us aware that 50 million coins would be bought up immediately. Particularly is that true if, as is likely to be the case, this would be the last issue of silver dollars in American history.

Silver in the proposed 800-gram dollars would be monetized at $1.44 an ounce, while silver in our present half dollars, quarters, and dimes is monetized at $1.38 an ounce. This means that the subsidiary coinage would be worth more than the new dollars intrinsically. People would begin to hoard subsidiary coins. With the inability of the mint facilities even at present to meet the demand for coinage, this would be a tragedy. Therefore, this alternative cannot be embraced as a sound long-range solution.

That leaves alternative No. 3—the abandonment of the silver dollar and the formulation of new Treasury silver policy.

I think we can get along without silver dollars even though, in my State, silver dollars are a common means of exchange, as they are in many Western States. Their primary value is sentimental; however, since they have been partially—and could be completely—replaced by dollar bills.

The story is far different when we discuss subsidiary coinage. There is no substitute for these coins, and we must protect them from being converted to metal.

While holding the price of silver at its present level, the Treasury should move immediately to reduce the silver content in subsidiary coins. Old coins coming into the Treasury should be melted, and the silver used for new ones. Only when a sufficient supply of the new coins is available can the Treasury free the price of silver from its present ceiling without risking the loss of our coins.

I do not know what the unobstructed price of silver would be in today's market. I do not know what it will be a year or two from now. But I do know that with present trends of demand and supply, pressures for increased prices will continue to build. From available figures, both supply and demand appear to be relatively inelastic. An increase in price might result in both increased research in silver substitutes and possible increases in production, but I do not expect great changes in the near future.

As a beginning point, then, I suggest that these changes in policy should be made.

1. A reduction of silver in our subsidiary coins to 50 percent of their present content. This would raise the melting point to about $2.75 an ounce and the market price of silver could more than double before we would again be faced with a loss of subsidiary coins. The suggestion that we reduce the silver content in our coins by approximately 11 percent indicates a move in the right direction and a long overdue willingness of Members of Congress to admit that the situation calls for a remedial action. But this proposed 11-percent decrease is only a token, not a solution. If the price of silver were allowed to stabilize as a result of free market forces of supply and demand, it would almost immediately rise above the $1.45 price; and we would be in the same position again.

Incidentally, coins with a 50-percent decrease in silver would be acceptable in present coin machines. I was concerned about the coin vending industry and wrote to several large coin machine manufacturers requesting their comments

on possible changes in the metal content of our coins. They report that a coin composed of 50-percent silver and 50-percent copper could be made to be acceptable. Other combinations of metal content would also work in existing machines. I would like to have several of these letters from vending machine experts included at the end of my remarks if there is no objection.

If it is argued that a decrease in silver content in devaluing our money, it should be pointed out that for most of the past 100 years the face value of our small coins has been much higher than their intrinsic value. We now have in our small coins approximately $1.9 billion worth of silver, or about the same quantity of silver that the Treasury has in its stock. If the Treasury could move quickly enough, much of this could be saved and would increase our stockpile.

Some may argue that the U.S. mint is unable to produce enough coins to meet present demands and would be totally unable to replace existing coins within a reasonable length of time. This is one of the reasons I ask immediate action. It will take time to make the changeover, yet this must be done while the Treasury has sufficient stocks of silver to guarantee that the market price will not rise above $1.38 an ounce—or it will be too late.

I also recommend the use of private facilities for coinage. The production of coins in private facilities could be easily controlled by representatives of the Treasury, and there are no unsolvable complications. Actually, there would be no other feasible solution, since our present supply of coins is approximately 10 times the annual capacity of our Government mint facilities.

2. I again recommend that the Treasury retire present silver certificates, replacing them with Federal Reserve notes as rapidly as possible. This action would free the Treasury's present stocks of silver from redemption requirements and would not in any way affect the promise made on each silver certificate to pay to the bearer $1 in silver on demand. I suggested this action nearly a year ago. A recent Treasury statement submitted to the House Appropriations Committee stated that if both fit as well as unfit silver certificates were retired as they come into the Treasury, the bulk of the certificates would be out of circulation in a year. Such action would give the Congress and monetary authorities full control of our present silver stocks, which control is not now possible.

3. I suggest that the Treasury draft a proposal for our consideration which would set a limit below which they will not allow our stockpile of silver to fall. The Treasury silver is the only significant reserve in the free world. It is well known that silver is a critical component of our military preparedness. It is a necessary component in missiles, aircraft, electronic equipment, photographic processes, communications equipment, and other military hardware. We should not underestimate the importance of keeping a sufficient stockpile on hand to meet our needs in the event that we may be unable to import silver from other countries. Our production of 37 million ounces a year only represents about one-sixth of our present needs, and the difference would have to come from Treasury stockpiles. If the mining industry were able to return to wartime production of related ores, such as lead and zinc, silver production might be doubled. But this is unlikely. There is little or no prospect that by increasing the price of silver we can step up production to the point where we can make up the deficit.

In view of this need of a national stockpile, we would be much better off if the Treasury would keep our present stocks—which cost much less than $1.29 an ounce—rather than sell silver now and then replace it at a new, higher market price later on.

I am glad that the Treasury is anxious to conduct extensive studies in this area, and I offer these suggestions and observations in the hope that they will be useful.

My only hope is that the proposed study by the Treasury does not serve to sidetrack action, because, as I have stressed throughout this statement, action is needed and needed soon. If we can do what must be done now, while the crisis is foreseeable but not imminent, we can avoid the crisis. If I have helped to clarify what proportions that crisis will assume and what elements it will contain, I have accomplished my purpose.

(The letters from vending machine manufacturers, previously referred to, follow:)

THE NORTHWESTERN CORP., INC.,
Morris, Ill., March 3, 1964.

Senator WALLACE F. BENNETT,
U.S. Senate,
Washington, D.C.

MR. SENATOR BENNETT: In answer to your letter dated Thursday, February 22, 1964, I am aware of the tremendous demand for silver in the United States and throughout the world. I am also aware of the problem concerning the lack in numbers of U.S. coins. This problem, of course, has been greatly aggrieved by the use of coin-operated devices such as we manufacture.

In answering your first question, the entire coin machine industry would be greatly upset if the present size of our coins were changed. Speaking now only for our own segment of the coin machine industry which is the small bulk vending machines and postage stamp machines, the metal content of the coins would not present a problem since we do not use weight as a means of detecting counterfeit coins, or for that matter do we use magnets. However, I can well imagine that the large companies such as Automatic Canteen and Vendo would be greatly affected by a change in weight or metal constitutions which might be magnetic.

These are just some of my thoughts on the matter, and I am sure everyone in our industry is grateful for your coming to us and asking us what problems might be encountered, if the size or metal content of U.S. coins is changed.

Yours very truly,

WALDO E. BOLEN, Jr., *President.*

COIN ACCEPTORS, INC.,
St. Louis, Mo., March 5, 1964.

Hon. WALLACE F. BENNETT,
Senate Office Building,
Washington, D.C.

DEAR SENATOR BENNETT: Thank you for your letter of February 27, 1964, and the opportunity to furnish information concerning our products.

The problem of a silver shortage is very real and of concern to everyone involved in the exchange of hard currency. It is of great concern to the automatic merchandising industry since a shortage of coins threatens its continued growth.

Our units could be adjusted to accept coins composed of nickel and copper, and of the same dimensions as our present coins, provided the ratio of these metals produces an alloy with approximately the same magnetic characteristics.

If you will please refer to pages 3 and 4 of the enclosed manual you will note that, in addition to dimensional detection, our acceptor employs a magnetic field to test conductivity. A coin composed of highly magnetic metals such as iron, steel and pure nickel, are stopped by the magnet and will not be accepted. A coin with little or no magnetic properties, such as brass, lead, zinc, etc., will pass through the magnetic field at a high rate of speed, strike the deflector and be rejected in this manner.

Coins which embody some degree of magnetic properties such as copper, copper-nickel alloys, silver and silver alloys are retarded as they pass through the magnetic field. As such a coin leaves the magnetic field and drops off the rail, the arc of its path is controlled by its speed. Therefore, by proper adjustment of the deflector and separator only the coins of the correct speed are accepted.

If a metal or an alloy is used which is too fast, the deflector feature is defeated and the protective quality of the acceptor is reduced. If the metal or alloy is highly magnetic, the magnet must be removed or its strength reduced.

This, too, would result in the loss of some of the protective features.

We hope this information will be of assistance in your evaluation of the silver problem and trust that if you have any further questions you will not hesitate to advise.

Yours very truly,

NORMAN J. BURZEN.

COIN ACCEPTORS, INC.,
St. Louis, Mo., March 20, 1964.

Hon. WALLACE F. BENNETT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR: I have just read your letter of March 10 to Mr. Burzen, and I want to add a point that Mr. Burzen was not fully appraised on at the time of his correspondence with you.

We are presently working with the International Nickel Co. for the purpose of designing a coin that is operable through coin mechanisms in the present vending machines with the thought in mind to make its composition as much nickel as possible. It looks very good, and for full particulars Mr. Frank LaQue, of International Nickel Co., 71 Wall Street, New York City, can be contacted as I am certain he would be most happy to work with you.

We also have just completed a survey and analysis for the purpose of writing the specifications for the new Australian coinage which I am happy to say is expected to be followed. The coin will be copper-nickel of at least 10 percent nickel composition, and unless some changes have been made they are presently engaged in preparing this coin for the switch to the decimal system in 1965.

I just thought you might be interested in the work we have been doing on the new coinage, and as expressed by Mr. Burzen we would be most happy to work with any government agency or yourself that wishes our help.

Yours very truly,

R. C. TRIEMAN, *President.*

NATIONAL REJECTORS, INC.,
St. Louis, Mo., March 13, 1964.

Hon. WALLACE F. BENNETT,
U.S. Senate,
Washington, D.C.

DEAR SENATOR BENNETT: Thank you for your letter of February 27, 1964, regarding the silver problem.

Here at NRI, we have been concerned for some time about the U.S. silver coins. On January 31, 1964, I wrote a letter to Miss Eva Adams, Director of the Mint, copy of which is enclosed. I believe that it will give you some idea of our present thinking on the subject.

Since my January 31 letter, we have received certain test specimens from the U.S. mint. These specimens were returned to the mint this week with a verbal report.

Our recommendations at this time are that if a change in the alloy of U.S. silver coins becomes necessary, a substitute alloy of 500 silver and 500 copper should be used. We know now that coins made from such an alloy will be accepted satisfactorily by the coin testing devices in the coin-operated machines in the United States. The U.S. mint has additional information regarding this alloy, if you would like to be better informed on the subject.

In case you have any questions now or in the future regarding the acceptance of coins in vending machines, please do not hesitate to contact us.

Sincerely yours,

FRED E. A. WALLIN, *Vice President.*

NATIONAL REJECTORS, INC.,
St. Louis, Mo., January 31, 1964.

Miss EVA ADAMS,
Director of Mint,
Treasury Department,
Washington, D.C.

DEAR MISS ADAMS: In view of recent developments in the silver market, the following expresses some of our thinking regarding U.S. silver coins, as related to coin-operated machines.

We, here at NRI, have, for some years, made and sold coin-testing devices known as slug rejectors, also change-making devices. One of the tests of the coin is allowing it to roll by gravity down a rail or runway. As the coin approaches the end of the runway, it will pass through a magnetic field. Electrical currents (eddy currents) will be generated in the coin. The amount

of eddy current generated depends on the ability of the material in the coin to conduct electricty. The specific gravity of the material also is a factor.

The present U.S. silver coins have a material that is a good conductor of electricity; therefore, a silver coin will be retarded very much as it passes through the magnetic field of the slug rejector. A disk made from pure copper, the same size as a silver coin, will be retarded more by the magnetic field than the present silver coin. Therefore, we can separate pure copper coins from silver coins.

Alloys and metals such as zinc, brass, lead, and cupro-nickel will not conduct electricity as well as silver coins; therefore, their speed when traveling through the magnetic field will not be retarded as much as the silver coins. Therefore, we can separate alloys and metals having less electrical conductivity (or high resistivity) than silver coins.

The ideal substitute for present 900 silver and 100 copper coins woud be an alloy having the same electrical conductivity and specific gravity. I am not aware of such an alloy.

It is possible that an alloy of 500 silver and 500 copper would make a coin that would be accepted by the present slug rejectors. It is clear that the specific gravity would change slightly. In order to make sure that coins from this alloy would be accepted satisfactorily, complete test specimens should be made up and tested. We, here at NRI, would be very happy to conduct this test and give our recommendations.

Many countries in the world have, in recent years, substituted cupronickel coins for silver coins. If the present U.S. silver coins were discontinued and cupronickel coins the same size were minted, such a coin would be rejected by practically all of the vending machines in the United States. It would be necessary to either rebuild the slug rejector or provide a new unit that would accept both the silver coins and the cupronickel coins and reject most slugs. This would hold true with either a 25 percent nickel and 75 percent copper alloy, or a 45 percent nickel and 55 percent copper alloy, and probably also for monel metal.

I mentioned earlier that in regard to the 500 silver and 500 copper alloy the specific gravity would be changed slightly from present silver coins. It is possible that a coin made from this alloy, especially a 10-cent coin having a standard diameter, should be increased in thickness about 0.003 inch to make up for the reduction in the specific gravity.

If you have any specific questions regarding this letter, please contact us and we will be happy to try to answer them.

Very truly yours,

FRED E. A. WALLIN, *Vice President.*

STATEMENT OF THOMAS J. DODD, A U.S. SENATOR FROM THE STATE OF CONNECTICUT

Mr. Chairman and members of this committee, I am grateful to the distinguished chairman and the other members of the Banking and Currency Committee for this opportunity to appear and express my opposition to S. 2671, which would reduce the silver content of silver dollars from the present 900 to 800 parts.

I will be brief in my remarks because men who are more knowledgeable than I on this subject will testify after me.

But even though I am a layman rather than an expert in the complex field of monetary policy I feel that I should bring to the attention of the committee the deep concern over this bill that is felt by silver-using industries.

As my colleagues know, in Connecticut silver-using industries are important. Thousands of people are employed making sterling silver flatware and hollowware.

The cost of the silver that is used in the making of knives, forks, spoons, and serving dishes is the largest single component in the total manufacturing costs of these items.

Today, with the purchase price of silver at $1.29 per ounce, it represents 70 to 75 percent of the total costs in flatware manufacturing and about 60 percent of the total sterling hollowware manufacturing costs.

Realistically, then, the wholesale and retail prices for these products have had to be increased as the price of silver has increased. This has been the case

as the price of silver has increased over the years and the unit and dollar sales of this industry have declined correspondingly during this period of time.

Understandably, fewer and fewer people have been able to afford to buy sterling silverware and this has resulted in the loss of jobs by more and more workers in my State and other States.

If S. 2671 is approved and leads to a further and substantial increase in the price of silver, and men who have been in the silver-using industries for years have told me they are positive the price will go up before too long to as high as $1.45 per ounce, the market for the sterling ware now made in my State would diminish to the vanishing point. The reason for this is, as you gentlemen know far better than I, that the value of silver is pegged to the silver content in the dollar. If the silver content in the silver dollar goes down, the price of silver goes up.

I need not tell you the very serious, indeed disastrous, effect this would have on the companies and people who depend on the manufacture of silverware for their livelihood.

In conclusion, I would like to make a few general comments about this bill. I hope that there will be no hasty action on such an important and complicated subject as our coinage system.

Knowing the great care and fairness with which the able chairman approaches his work, however, I am confident that both the shortrun and longrun implications of S. 2671 will be fully explored and weighed. I recall well the outstanding job he did last year in shepherding through the Senate the bill to repeal the Silver Purchase Act, a statute which had much to do with the substantial increase in the price of silver.

That important step which has helped to stabilize the price of silver for the past year was intended to ease the strain in the silver market. The fact that the Federal Government had been required by the act to purchase silver led to the removal from the market of 3 billion ounces of silver over a 30-year period.

Repeal of this requirement and the concurrent step of freeing gradually 1.3 billion ounces of silver used to back up $1 silver certificates have had a salutary effect in that the price of silver, after a series of increases from 90½ cents an ounce to $1.29 an ounce within 18 months has leveled off.

It would be regrettable, I think, if any action is taken which would have the effect of driving up the price beyond its present point; for example, to the figure of $1.45 an ounce to which I referred earlier.

This would seem to me a rather abrupt reversal of a policy which Congress and the President adopted last year when the Silver Purchase Act was repealed.

I thank my distinguished colleagues for their time and attention.

STATEMENT OF GALE W. MCGEE, A U.S. SENATOR FROM THE STATE OF [redacted] Wyo.

Mr. Chairman, I very much appreciate the opportunity of presenting my views on this legislation to the committee and I commend the chairman for his initiative in scheduling this hearing with such dispatch. We in the West feel this is a most urgent problem and immediate action is necessary.

A large percentage of the citizens in Wyoming, Mr. Chairman, are accustomed to using the silver dollar—the cartwheel—as working money. These are not collectors who look upon them as rare remembrances of bygone times or a significant item with which to make a belt buckle or money clip; these are plain people, from all walks of life, who use a silver dollar for its primary purpose—money. They find this type of money convenient and also a continuing tie with the "Old West" and the colorful history of the development of the frontier.

It is also true that the many visitors to Wyoming and other western States find the use of the silver dollar equally indicative of the flavor of the West that they have come so far to enjoy.

Mr. Chairman, I am not an expert on coinage, but I do know that I can see no logical reason why the coinage of additional silver dolars—none have been made since 1935—would not be in the public interest. The bill now before this committee would reduce the silver content of a silver dollar from 900 to 800 grams. I can see that it would be unwise to have the silver dollar contain a dollar's worth of silver since this would both encourage the hoarding of these dollars and their conversion to other forms of silver.

This bill is a logical step to the additional coinage of silver dollars, and I am sure that I speak for a great many of the people of Wyoming when I support immediate and favorable action on this legislation.

Mr. HARDY. Mr. Chairman, I request the statement I submitted be entered into the record and I will be glad to return for questioning at an appropriate time.

Senator SPARKMAN. Thank you. Without objection, that statement will be put in the record.

STATEMENT OF ROBERT M. HARDY, JR., ON BEHALF OF THE AMERICAN MINING CONGRESS, RING BUILDING, WASHINGTON, D.C.

Mr. Chairman and members of the committee, my name is Robert M. Hardy, Jr. I am president of Sunshine Mining Co.

It is a distinct pleasure and a real privilege to appear before your committee concerning S. 2671. I represent not only my own company, which is a major producer of silver, but I appear also as the spokesman for the American Mining Congress—the organization which represents the mining industry of the United States—and the Idaho Mining Association.

Our reaction to the proposal contained in S. 2671, that the silver content of coins be reduced from 90 to 80 percent, can best be summarized by stating that it is a necessary step, but only a step, in the right direction. To effectively remedy the current situation, it will be necessary to go far beyond what is now in front of you.

The continuing imbalance between consumption and production of newly mined silver has caused some silver consumers to advocate the abandonment of the use of silver for coinage. Public reaction to this discussion is perhaps best indicated by the drain on the supply of silver dolars which caused Secretary of the Treasury Dillon to announce on March 25 that paper currency would no longer be redeemed in silver dollars and by the rush to procure the new Kennedy half dollar when it was first released on March 24.

The American Mining Congress and the Idaho Mining Association believe that the continued use of silver for coinage is imperative to maintain public confidence in the national currency, not only in the United States but throughout the world. Furthermore, the complete substitution of base metals for silver in coinage would, I understand, greatly compound the problems of counterfeiting that face the vending machine and public telephone industries.

While it is true that the U.S. Treasury holds about 1½ billion ounces of silver as backing for paper currency, in addition to the silver in coinage now circulating, this reserve will be drawn down rapidly. In late 1963 demands on this reserve were at the rate of 200 million ounces annually. They will increase as growing population and industrial activity require still larger amounts of circulating coinage and also stimulate the expanding industrial use of silver.

To meet this situation we strongly recommend the administration and the Congress take the following steps:

(1) Reduce substantially the amount of silver in the dollar and subisdary coin from the present standard of 371.25 grains to the dollar.

(2) Accelerate the replacement of silver certificates based upon a decreased silver content of the dollar.

(3) Authorize a crash program for the minting of new coins with reduced silver content. The mints are now operating full time to supply the increase in public demand for coinage. Additional capacity is essential to step up coin production so that present coinage can be replaced. Use of private facilities for minting should receive urgent consideration, especially for 5- and 1-cent pieces.

(4) Suspend the minting of the present silver coins as soon as the new standard has been adopted and the necessary facilities created.

(5) Set aside a strategic stockpile of silver containing a minimum of 500 million ounces to serve as a reserve in emergencies. The need for such a reserve was amply demonstrated in both world wars. No reserve now exists.

(6) Establish a Joint Congressional Committee on Monetary Policy to inquire into these problems and to recommend necessary measures to insure adequate supplies of the monetary metals.

Senator SPARKMAN. Anyone else who wants to file a statement may do so by leaving it here.

(The following statements were submitted for the record in response to the chairman's invitation:)

STATEMENT BY E. L. (BOB) BARTLETT, U.S. SENATOR FROM THE STATE OF ALASKA

Slam a silver dollar on the bar and every man in the saloon knows that here is someone with enough money for a drink.

Westerners and Alaskans have always favored silver dollars. They are solid and silver, they are a link with our past. They represent in the westerners' minds the stability of our currency and the stability of our country. Silver dollars are a part of our West and I for one will fight to see that they remain so.

I am a cosponsor of Senator Metcalf's bill, S. 2671, which is now before the committee. I am pleased that you, Mr. Chairman, and your committee have moved so promptly to hold hearings and to give this bill the attention a critical situation requires.

American silver coinage is in a critical period. American coinage is withstanding substantial pressures. These will increase in the months and years ahead. The Congress must now give them full attention if silver coinage in this country is to be saved.

I devoutly hope that it will be saved. Silver coins have esthetic, historic, commercial, perhaps even moral, values that no tin, token coins can ever have.

The demand for silver coins—dollars, 50-cent pieces, quarters, and dimes—is growing extremely fast. There is now a shortage of minor coins unequalled in the history of the mint. Both the Philadelphia and Denver mints are working three-shift, 7-day weeks and are still unable to meet the demand. Our increased population, our economic expansion, the greater number of supermarkets and automatic vending machines make it obvious that the demand for coins will continue to grow rather than contract. A new mint is to be constructed in Philadelphia but it will not be in operation for several years more. Until then, coins will be in short supply.

This is not the only demand for silver that is growing. The space and electronics industries call each year for ever greater amounts of silver.

In 1962, 110.4 million ounces of silver were used in private industry, while but 77 million ounces were used for coinage.

The United States used a total of 187 million ounces of silver. This is five times our domestic production of silver, which amounted in 1962 to 36,345,000 ounces. In 1962 the total world production, including domestic U.S. production, totaled 211,500,000 ounces. From these figures it is clear the United States uses each year almost all of the world's production of silver.

In 1837, by act of Congress, the silver content of the dollar was pegged at 90-percent pure silver, 10 percent alloy. From that day until this, the 90-to-10 ratio has been held constant.

Because present law requires that each silver dollar contain 90 percent pure silver, this has meant historically that each silver dollar will have 0.77 ounce of silver. Thus it is that 0.77 ounce of silver can be purchased for a dollar or, in other words, 1 ounce of silver can be purchased for $1.29.

The Treasury, by law, is required to give a dollar in silver, bullion or coin, to the bearer of a silver certificate on demand. And so this works out to the Treasury's selling bullion at $1.29 an ounce to industrial users and private citizens. The Treasury, by selling to all and sundry, at $1.29, has kept the price from going higher and has thereby kept American silver dollars from disappearing. For should the price of silver go much above this point, it would become profitable to melt down silver dollars for their silver content and to sell it on the open market. This is why $1.29 is called the "melting point."

The United States now has a silver stockpile of 1½ billion ounces. This will be totally expended in 5 to 10 years, the Treasury has estimated. Unless the Congress acts before that time, our silver coins, our currency, and our economy will be gravely imperiled.

For a variety of reasons, including hobbying and hoarding, the Treasury has recently seen a run on silver dollars. This apparently has been caused by a belief that the "melting point" will soon be reached or that silver dollars will soon be restricted in circulation in some way. To meet the particular demand for these dollars, the administration requested the Congress to appropriate the money necessary to mint 150 million additional silver dollars. This request was denied last month by the House. The House Appropriations Committee, in turning down the request, stated that it felt that no additional silver dollars should

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be minted "until the Congress enacts legislation concerning the silver content of the dollar. Should the price of silver continue to rise, even just a few cents per ounce, it would be profitable to melt down silver dollars for the silver content. The minting of additional silver dollars, at this time, would only serve to aggravate the problem."

The House committee placed no restriction upon the minting of lesser coins. It did not because no restriction is needed. This is an interesting point. A silver dollar contains a dollars' worth of silver. Two 50-cent pieces contain only 92 cents' worth silver. This is true even though both 50-cent pieces and silver dollars contain 90 percent silver by content. The reason for the disparity is that two 50-cent pieces weigh less than one silver dollar. They always have.

To meet the growing crisis in silver, Senator Metcalf, Senators Mansfield, Bible, Cannon, Church, and I have proposed a reduction of silver content in our coins from 90 to 80 percent. This would reduce the value of the silver in the silver dollar, at current prices from $0.99-plus to $0.89.

This will allow for the minting of as many silver dollars as are necessary to meet the demand.

It will allow the additional minting of whatever lesser coins are needed to meet the demands of a growing economy.

It will allow a certain flexibility in the price of silver on the marketplace so that it will not remain artificially pegged by Government action but will be allowed to fluctuate with the vagaries of supply and demand.

It will enable American silver producers, whether in the West or in Alaska, to produce for a stable market, secure in the knowledge that America's silver currency will continue, and will continue to have the confidence of its users.

Mr. Chairman, again let me commend the committee for its prompt consideration of this proposal designed to save the silver dollar. There is many a man, many a voter who likes the clink of the silver dollar as it hits the bar.

Statement by Edward M. Kennedy, U.S. Senator from the State of Massachusetts

I am grateful for the opportunity to submit a statement to this committee in opposition to S. 2671, a bill to reduce the silver content in silver coins.

The bill seeks to reduce the pure silver content in all silver coins from 900 to 800 parts per thousand. This would have the effect of increasing the market price of silver from $1.29 to $1.45 per ounce. Such increase will have a direct and potentially harmful effect on a large number of industries dependent on the use of silver for their products, which industries are already suffering from mounting costs and thining profits. It has been estimated the material cost of silver represents over 60 percent of the cost of solid silver products and a very substantial share of total costs in other silver products. Any increase in the silver price at this time is both unwarranted, and unwise, and its effect on our silver-using industries, as well as on our monetary system could be most serious.

I had hoped that the problem of increased prices to silver users had been resolved, or at least arrested, with the passage of silver legislation a year ago. In that 1963 legislation, the silver purchase acts were repealed and Federal Reserve notes were authorized in order to insure an adequate supply of $1 bills. It called for the gradual reduction of silver certificates to provide a supply of silver for coinage and industrial uses. It was believed that this legislation would stabilize the market price for silver at around $1.29 per ounce, a price highly favorable to producers; give the industrial users of silver the assurance of a relatively stable price in the manufacture of coins; and still permit the operation of a free commodity market for silver. The legislation passed the House 252 to 122, and the Senate 68 to 10 last May. I am informed that it has had a good effect on the stability of silver prices.

Now, this year we are presented with S. 2671, which raises the specter of confusion anew, and which may, if passed, undo all that Congress so soundly put together just 11 months ago. In addition to causing a rise in the market price of silver, passage of the bill could result in devaluation of the dollar, nullifying the effects of Public Law 88–36 passed last year, create confusion in the silver market, and otherwise frustrate our monetary policy.

The economies of many New England States, including Massachusetts, depend in considerable part upon the growth and prosperity of companies utilizing silver. It has been estimated about 25 percent of the silver consumed industrially in

this country goes to the New England area. Of this, Massachusetts accounts for about 9 percent. On a national basis the photography, silverware, electronic and jewelry industries consume about 80 percent of the Nation's commercial silver supply. These are very important industries in our area.

Many of these industries sell and distribute a large amount of their products in a manner which requires firm, long-range pricing policies. With the price of silver already high, spiraling increases without stability can only lead to the reduction of cost-price margins. Faced with this, users may have to increase the prices of their silver products to both Government and civilian purchasers. Some of these increases are bound to discourage demand and reduce unit and dollar sales.

A further problem set up by this bill concerns our monetary policy, already commented upon by the Treasury Department. If we are to take any further legislative steps with respect to silver, I would urge that we do so with great slowness and deliberation. Perhaps an overall study of our silver policy is in order. Whatever should be done to meet the problems and recommendations in this area of Government policy, S. 2691 is not the answer, for it will only frustrate and complicate an already existing stable silver structure.

STATEMENT OF FRANK E. MOSS, U.S. SENATOR FROM THE STATE OF UTAH

Mr. Chairman, the Metcalf bill, S. 2671, offers a sensible solution to the shortage of silver dollars. It proposes to make the silver dollar worth more as money than as bullion, just as it has been—except for a brief period in the winter of 1919–20—for the last 91 years, and thus to keep the silver dollar in circulation as a coin.

If the dollar becomes of significantly greater worth in the marketplace for industrial silver than as a coin, it will disappear from circulation as a coin. Such was this Nation's experience from 1837 to 1873, and such has been the experience of many nations over many centuries with their metallic coinage.

I support this bill because it is a sensible and long-term step toward obtaining the coinage that our spending and savings habits require.

The bill would change the metallic content of the dollar—a coin which includes about one-sixth of the value of all the Nation's metallic money. The change would not have any significant effect on the purchasing power of the Nation's businesses and consumers, but would give buyers greater latitude in their means of payment for their purchases.

In all sections of the Nation, people use charge accounts, credit cards, checks, and paper money, for a far larger part of the value of their payments than are made with coin. But coins are used everywhere for routine and frequently repeated purchases, and for savings. In all parts of the Nation parents save silver dollars for their children, and in some States—my State of Utah is one—we use many of the cartwheels in making daily purchases.

I realize that silver dollars are not used for purchases in some heavily populated areas. I also know that the half dollar is shunned in some places. The pattern of usage differs from area to area, but our coinage system should provide denominations that suit the needs and habits of the whole country. We of the West believe that our custom of using the silver dollar should be sustained by appropriate coinage supply, just as much as are the payment customs of any other region.

If we are to meet our requirements for silver dollars, a larger total supply of them is necessary so dollars may be kept in circulation as a medium of exchange and not just in transit between the Federal Reserve banks and amateur and professional coin collectors. Achieving a larger supply and keeping it in circulation will be possible only if the mints strike a new supply of coins, and if the silver content is reduced to reflect the market situation of 1964 rather than that of the 1870's.

The problem of minting, of course, is beyond the jurisdiction of this committee unless it establishes a coin manufacturing emergency program that is not dependent on appropriations financing of administrative and operating costs. But the longer term problem of fitting the silver coinage to prospective market conditions does rest on this committee.

Without crystal gazing the future of silver, it is apparent that use by industry and the arts will continue to exceed production, pending unforeseen technological changes. Treasury stocks could be directed into such uses, and at the will of

Congress be made available at prices which would make unattractive the hoarding of silver dollars. But a policy of price-depressing sales of silver would discourage new production and the search for substitutes, and would soon deplete or exhaust the stock available for coinage.

Silver coins are neither our standard money nor the base of our money supply. They are a means of payment, the acceptability of which and the value of which in consumer and business markets has not in the past depended on the price of silver in the metal market. The supply of silver coins is not by any stretch of the imagination capable of influencing wages and prices throughout the economy. Considering the uses of silver dollars, the uses of silver metal and the market for silver, the sensible thing to do, therefore, is to mint dollars by putting less of the scarce raw material—silver—into each of them.

For the geographic areas where silver coins are preferred in daily purchases, the silver dollar is much more economical for the Government to produce than is paper money. The Government has its seigniorage profit. as well as a saving on manufacturing expenses. Despite improvements in the quality of paper money. and the widespread substitution of credit dealings for cash payment, which reduces the wear on bills, the dollar bill still has a short physical life. Paper currency even now lasts only about 18 months before it is ready for replacement. Keeping a dollar of paper money in circulation over a 15-year period would cost, considering only present printing costs and omitting administrative costs of shipment, accounting, etc., more than 9 cents. A silver dollar on the other hand would have most of its useful life remaining after 15 years, and would have cost only 1¼ cents for minting.

Coinage of a new supply of dollars, and their release to the public, ought to help break the recent scramble for dollars. We have had enough experience with speculative movements in this country to know that speculators usually go to absurd lengths before the market breaks. A new supply of silver dollars would strengthen the forces which can, in time, turn the tide of "coin collecting" and speculating. As we all know, amateurs as well as dealers have recently been buying silver dollars in large batches—the totals reaching many millions. Washington coin dealers are, therefore, not buying silver dollars—for the obvious reason that the price of scarce items must drop when it is established that they no longer are so rare.

A new minting of dollars of a metallic composition, which is appropriate to the 1960's, will supply a useful addition to the medium of exchange, provide it economically, and help terminate a speculative movement which may bring distress to individuals and possible losses to legitimate silver-using industries.

I urge the committee to report favorably on S. 2671.

STATEMENT OF JOHN O. PASTORE, U.S. SENATOR FROM THE STATE OF RHODE ISLAND

APRIL 9, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Committee on Banking and Currency,
New Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: It is my privilege and duty to submit to you the following statement with reference to S. 2671 and respectfully request that it be inserted in the record of the hearings.

With a very deep concern for world silver prices and their effect on the stability of employment among the manufacturing jewelers and silversmiths, an important industry in my State of Rhode Island, I am emphatically opposed to S. 2671, a bill to redefine the silver content in silver coins.

The case for the bill is best made in a sincere and simple letter I have received from the Governor of the State of Montana. Governor Babcock writes that the additional minting of silver dollars is urgent so that his people "will have the opportunity to continue using the medium of exchange that has been part of our heritage."

I am in sympathy with the traditions of these fine people, but I am equally sure that this bill accomplishes nothing that the Governor or its proponents desire. In fact, its end product must be just the opposite—the disappearance into the melting pot of the $475 million silver dollars now in circulation.

Upon the presentation of S. 2671, I addressed two questions to the Treasury Department. First, I asked if the bill would result in the production of more silver dollars. The answer was in the negative. The House has already refused

an appropriation for current minting of silver dollars because there are no minting facilities available at present for such production. The facilities are needed to help a decided shortage of smaller coins for which there is no substitute legal tender—while the silver dollar has such substitute.

My second question was—would this bill raise the world price of silver from $1.29 per ounce to $1.45 per ounce? The answer was that the world price has a tendency to move to the ceiling. Under this bill the monetary value of silver would be $1.45 an ounce. As the silver price reached $1.38 an ounce, it would become profitable to melt even halves, quarters and dimes, creating chaos in the country's need for coins.

It is this tampering with the world price of silver which could work havoc with the bread and butter jobs of good American workers.

Now I have no objection to the minting of silver dollars of the same weight that has prevailed since 1792; and there is silver available for that purpose when we have the facilities.

If it is definitely known that we mean to keep faith and not to devaluate the silver dollar and lift the market price of silver, I have a strong feeling that many of the 475 million silver dollars that may be in hiding will come back into circulation and the apparent scarcity will disappear.

And I hold no brief against a complete thought-through revision of our coinage policies and standards. It should have the broad consideration that the Secretary of the Treasury advises, and I point out to this committee that the Secretary of the Treasury is absolutely opposed to this bill.

Our immediate problem is a shortage of minting facilities in the face of an unpredictable demand for coins. A scientific forecast last year ambitiously declared a need of 4.1 million new coins this year. Our two mints are valiantly meeting that figure. Unfortunately, it is not enough. The Bureau of the Mint likes to have a working inventory of 2 billion coins. Its vaults are empty. Bank vaults and other elements of the commercial pipelines should have another 2 billion coins. They too are virtually empty.

There are simply not enough coins to go around. They are scarce in these days when a coin in the slot feeds you—launders you—photographs you—parks your car—and even entertains you.

Let us get our two mints working 7 full days a week and let there be no delay in the 3-years-from-now promise to have the third mint on the assembly line.

Then, in orderly fashion, and perhaps sooner than we think—because we are proceeding in orderly fashion—the scarcities will disappear in Montana, Nevada, and all of the 50 States.

With every appreciation of your consideration, I am,

Respectfully yours.

John O. Pastore,
U.S. Senator.

Statement by Claiborne Pell, U.S. Senator from the State of Rhode Island

Mr. Chairman. I appreciate the opportunity to submit my views regarding S. 2671, a bill which would redefine the silver content of silver coins.

As a Senator from Rhode Island, a major center of the jewelry manufacturing industry, the site of the Manufacturing Jewelers & Silversmiths of America, Inc., and the State that stands among the top five in its use of silver for industrial purposes, I have a particular interest in this bill. I fully sympathize with the effort to buttress and increase the dwindling supply of silver dollars so much in demand in the West, but I believe that this bill could well have the opposite effect.

The present so-called monetary value of silver stands at $1.29 per ounce. This is based on the fact that the silver dollar contains 0.773 ounce of silver, which multiplied by the "monetary value" of $1.29, gives us $1. By reducing the silver content to 0.688 ounce, as this bill proposes to do, the "monetary value" would then rise to $1.45 per ounce, e.g., 0.688 times $1.45 equals $1. But since the meltdown value of existing silver dollars would still stand at approximately $1.32, the present dollars would be drawn out of circulation so that they would be melted down for their monetary value if this bill becomes law. At the same time, the revaluation would increase the cost of silver to our industrial users and would have an especially adverse effect upon our jewelry producers.

In other words, we see that the meltability of existing coins which have a 90-percent silver content would greatly increase because their value has increased compared to new coins minted with an 80-percent silver content. The actual price of silver would eventually rise to the new "monetary value" level. The costs of producing and manufacturing silver goods would rise, and so would the price of such goods to the consumer.

It would appear that the best approach would be to appropriate more money to increase our overburdened minting facilities and to mint more new silver coins. This would meet all our demands and would relieve the present shortage of silver coins that is so harassing to our merchants and banks.

Statement of Abraham Ribicoff, U.S. Senator From the State of Connecticut

I wish to express my opposition to S. 2671, a bill to redefine the silver content in silver coins. The principal effect of the passage of this bill would be to cut the silver content of our silver dollar from approximately 0.77 to 0.69 ounces and thus permit the market price of silver to rise as high as $1.45 per ounce. Other silver coins would be cut in a like manner.

Passage of this bill would have far-reaching effects. It would affect our financial, monetary, and economic systems. It would devalue our silver dollar and would appear to reduce the amount of silver now paid out in the redemption of silver certificates. Instead of exchanging silver for certificates at the rate of $1.29 per ounce, the new rate would be at $1.45 per ounce. This would be of serious consequence to the many industrial users in my State.

There is now a shortage of silver to the degree that users must exercise their legal right to receive silver on demand in exchange for silver certificates. The market price could rise from the present $1.29 level to $1.45. Thus the price of silver, which rose 42 percent in less than 2 years, would now be forced up another 12 percent in less than a year. Yet one of the primary purposes of the legislation passed last June was to stabilize the silver market.

The indicated purpose of S. 2671 is to permit appropriations to be made for the minting of additional silver dollars. It is submitted that this legislation is totally unnecessary for this purpose. Actually, if this legislation were to be enacted into law, silver dollars now in circulation would soon be turned into the melting pot because a rise in the market price would make the silver content of the dollar worth more than its face value.

The question involved in the minting of additional silver dollars is whether or not the mints shall stop the manufacture of other desperately needed coins in order to mint more silver dollars. There is, of course, a substitute for the silver dollar as a medium of exchange—the paper dollar. The Appropriations Committee of the Senate must decide this question.

Due to the present and predicted future shortage of silver, it is necessary to examine into the question of continued use of this metal in our coins. This will take time. I understand that the Treasury is studying this problem. We cannot expect a quick, easy answer on so vital a problem.

Very obviously S. 2671 is not the answer. In fact, it compounds the problem.

Statement of Rear Adm. Donald J. Ramsey (U.S. Navy, Retired), Treasurer and Legislative Counsel, Silver Users Association, Washington, D.C.

Admiral Ramsey. I am Rear Adm. Donald J. Ramsey (U.S. Navy, retired), treasurer and legislative counsel of the Silver Users Association, Washington, D.C.

Mr. Chairman, I appreciate very much the opportunity to appear before your committee on behalf of the Silver Users Association in opposition to S. 2671, a bill to redefine the silver content in silver coins.

It is estimated that the members of the association use two-thirds of the amount of silver consumed by the arts and industry in the United States. The estimated U.S. consumption in 1963 is 110 million ounces.

The members use silver in the manufacture of photographic film and paper, silverware, jewelry, dental supplies, mirrors, and a wide range of industrial products, many of which are vital in defense and space industries. A list of the members is attached as annex 1.

One of the members, the Manufacturing Jewelers & Silversmiths of America, Inc., is an organization composed of a large number of small manufacturers, most of whom use silver. The photographic industry is the largest user of silver in this country, with an estimated consumption of 30 percent of the total. Consumption for silverware and jewelry is now only 20 to 25 percent of the total.

The objective of the Silver Users Association is to acquire, study, and disseminate all available information about silver. As a result, the silver users follow closely all matters pertaining to silver.

The Silver Users Association is strongly opposed to S. 2671 for the following reasons:

1. Its passage would result in a rise in the market price of silver from $1.29 per ounce as high as $1.45 per ounce.

2. Devaluation of the dollar would apparently repudiate the pledge of the Treasury to redeem silver certificates with 0.77 of an ounce of silver either in a silver dollar or in the form of silver bullion.

3. It would nullify the effects of Public Law 88–36 of June 4, 1963, which had for one of its purposes the stabilization of the market price.

4. It would create confusion in the silver markets of the world.

5. It would confuse not only the situation with relation to silver dollars, but also our entire coinage system.

6. A devaluation of the silver dollar would have worldwide repercussions which would be detrimental not only to silver users, but to the financial world. Most people do not understand the difference between gold and silver in our monetary system and to them a dollar is a dollar.

It has been repeatedly stated that the silver content of our coin must be reduced before appropriations should be approved for the minting of silver dollars. The basis for this contention seems to be that silver dollars are now being or will be melted down for their silver content. This is erroneous reasoning.

Today, the Treasury must redeem silver certificates at the rate of 0.77 of an ounce of silver for each dollar. This is at the rate of $1.29 per ounce. There is 1.5 billion ounces of silver available for this purpose. It has been estimated that it costs about 3 cents to melt down a silver dollar; accordingly, until the market prices reach approximately $1.32 per ounce, no one will find it worthwhile to melt down a silver dollar for its silver content. But the Treasury must redeem silver certificates at $1.29 per ounce so the market price will not rise. Consequently, no silver dollars are being or will be melted down.

However, if S. 2671 is enacted into law, the market price of silver will rise. This would mean that almost immediately silver dollars containing 0.77 of an ounce of silver would go into the melting pots. Thus, the purpose of this legislation to permit an increase in silver dollars would be defeated.

I repeat—no silver dollars are being melted down. None will be under existing law for some years to come. Passage of S. 2671 will result in the disappearance of silver dollars.

At the present time, under the provisions of Public Law 88–36, enacted June 4, 1963, the redemption of silver certificates with silver at $1.29 per ounce protects all silver subsidiary coins, which contain sufficient silver to invite melting down at a bullion price of $1.38 per ounce. This bill would remove this protection and jeopardize the entire outstanding subsidiary coinage.

The silver dollar has been part of our coinage system since 1792, although it has not been the standard unit of value since 1873. As pointed out by the chairman of this committee yesterday, this coin has contained 371.25 grains of silver since 1793. As long as we continue to use silver dollars, it would seem fitting and proper that the silver content of these coins should not be changed. It is ironical, indeed, to find Members of Congress from the West, who have so stanchly defended the silver dollar in the past and who have maintained that the silver certificate was the only paper money fully backed by the metal it represents, now clamoring for a devaluation of this coin. One must examine this situation carefully before altering the silver content of a coin which has remained unchanged for so many years.

There are nearly one-half billion silver dollars in circulation. It would be interesting to know the distribution of these coins, particularly in recent weeks. Senator Mansfield has twice referred to the fact that Montana, along with Nevada, are the only silver-dollar-using States in the Nation.

With reference to the question of cutting the silver content of other coins, it should be noted that many countries and notably Great Britain, and including

India, Australia, and South Africa, attempted to use a coin containing 50 percent silver before being forced to finally abandon silver altogether in favor of a cupro-nickel metal.

The members of the Silver Users Association are strongly opposed to this bill and urge that no legislation be reported out until the problem has been given extensive research and study.

(Annex I to prepared statement follows:)

ANNEX I

The members of the Silver Users Association use about two-thirds of the amount of silver consumed in the United States. The total consumed in 1963 is estimated to be 110 million ounces.

MEMBERS OF THE ASSOCIATION

Photographic materials:
- Eastman Kodak, Rochester, N.Y.
- Kilborn Photo Paper Co., Inc., Cedar Rapids, Iowa.
- Xerox Corp., Rochester, N.Y.

Silverware:
- Gorham Corp., Providence, R.I.
- International Silver Co., Meriden, Conn.
- Samuel Kirk & Son, Baltimore, Md.
- Lunt Silversmiths, Greenfield, aMss.
- Onedia Ltd., Onedia, N.Y·
- Reed & Barton, Taunton, Mass.
- Stieff Co., Baltimore, Md.
- Tiffany & Co., New York, N.Y.
- Towle Manufacturing Co., Newburyport, Mass.
- Wallace Silversmiths, Wallingford, Conn. (subsidiary of Hamilton Watch Co., Lancaster, Pa.)

Dental supplies: L. D. Caulk Co., Philadelphia, Pa.

Fabricated and industrial products:
- Dixie Bronze Co., Birmingham, Ala.
- Engelhard Industries, Newark, N.J.
- Handy & Narman, New York, N.Y.

The Silver Users Association also represents the following associations:

Manufacturing Jewelers & Silversmiths of America, Inc.
National Association of Mirror Manufacturers.
Retail Jewelers of America, Inc.

STATEMENT OF THOMAS B. HUNGERFORD, EXECUTIVE DIRECTOR OF THE NATIONAL AUTOMATIC MERCHANDIZING ASSOCIATION, CHICAGO, ILL.

Mr. HUNGERFORD. Mr. Chairman and members of the committee, my name is Thomas B. Hungerford. I am the executive director of the National Automatic Merchandising Association. Our national office is at 7 South Dearborn Street in Chicago. The purpose of my testimony is to explain the interest of the automatic merchandising industry—commonly known as the automatic vending industry—in coinage.

The membership of the National Automatic Merchandising Association comprises manufacturers of vending machines and component parts; the operating companies that furnish vending machines and vending services to industry, offices, schools, hospitals, and other locations where vending serves the public; and the manufacturers of the products sold through machines.

We represent only merchandise vending and related services. I cannot speak for other coin-operated industries such as jukeboxes, amusement machines, and coin-operated laundries. The manufacturers of coin-detection and coin-handling devices who are here, however, might provide information on those industries.

To preface my remarks on silver coinage, you may be interested in some background information on the merchandise vending industry. Automatic vending machines are a major method of retailing. The machine itself generates no income or profit. Just as in other methods of retailing, we derive our profit from the merchandise we sell through the machine.

And it is particularly significant to note that the majority of sales through vending machines are "extra" sales—sales which never would have been made if the merchandise had not been conveniently available through the machines.

Automatic vending is a cash-and-carry business. The coins must be put into the machine before the merchandise is delivered. Last year, in 1963, the total retail value of merchandise sold through vending machines was $3,222 million.

This wasn't purchased by currency or checks—it was purchased by nickels, dimes, and quarters. And not only did these nickels, dimes, and quarters pay for the merchandise, they also activated the machines so that delivery could be made.

The vending industry is primarily composed of small locally owned service companies. Aside from about a dozen large companies which do approximately 20 percent of the business, $80 out of every $100 of sales are made by more than 6,000 small local vending concerns. About 3,600 of these companies have no more than 3 employees.

On the other hand, the $3,222 million in vended sales—or you may want to think of it as 32 billion dimes, or 12,888 million quarters—represents a growing job force. Currently between 50,000 and 60,000 men and women are employed full time by the companies which operate and service our vending machines, and about 10,000 more are employed part time. To this must be added another 10,000 who are engaged in manufacturing vending machines and components. So we account directly for more than 70,000 jobs.

Another aspect of those 32 billion dimes and their importance to the economy are the extra business and profits generated by the vending industry. Here is just one example:

This nickel, dime, and quarter business is important to people employed in making about 5½ billion paper and plastic cups. And it is important to the profits of companies like Lily-Tulip, Dixie Cup, Continental Can, and similar suppliers.

One could go on and mention the jobs and profits which vending represents for well-known companies like Campbell Soup, Maxwell House Coffee, Hershey Chocolate, and hundreds of others to whom vending means extra sales, profits, and jobs.

Now, as to the importance of coinage to the automatic vending industry. Because our machines are selling merchandise of a given value, we must be sure that they accept only legitimate U.S. coins.

To do this, every vending machine, with the exception of penny machines and those that dispense bulk merchandise, is equipped with a device known as a slug rejector. This small but complicated unit puts each nickel, dime, and quarter through a number of tests. It accepts U.S. coins and rejects slugs and foreign coins.

This matter of slugging vending machines was of sufficient importance that in 1962 the Congress passed, and President Kennedy signed, an amendment to section 491 of title 18, United States Code, which now makes it a Federal offense to use slugs or foreign coins in vending machines and other coin-operated devices.

While I will have to leave a description of the technical aspects of slug rejectors to other witnesses, I can state that the reduction of the silver content in silver coins as proposed in Senator Metcalf's bill—that is, a change from 900 silver and 100 copper to 800 silver and 200 copper—will not affect the operation of the 3,280,000 slug rejectors now in use in vending machines throughout the country.

But if silver should be eliminated entirely from our coinage, and alloys with different characteristics than those of present coins are substituted, such a change could wreak havoc not only in the automatic vending industry, but in all industries using coin-detection devices.

Present machines would reject such new coins in the same way as slugs. Only the old coinage would be accepted. This would virtually put vending machines and other coin-operated devices out of business because of the uncertainty and confusion on the part of the purchasing public.

This would confuse and irritate millions of consumers who simply wouldn't understand why their good money suddenly is rejected by the machine and will not deliver merchandise as it did before.

Because of the extremely short notice of this hearing, we have not had sufficient time to prepare a comprehensive report outlining in detail the effect on the vending industry of a radical change in the metallurgy of dimes, quarters, and half dollars.

If it is permissible, Mr. Chairman, may I request that we be given the opportunity to prepare and submit such a report to the members of this committee before final action is taken.

Attending the hearing this morning are some qualified experts on coin-detection devices—or as we call them slug rejectors. They can explain much better than I the technical workings of these units and why the metallurgy of nickels, dimes, quarters, and half dollars plays such an important part in detecting slugs, and why our industry is so concerned with the possible effect of this legislation.

Thank you for permitting me to give you this information.

Senator SPARKMAN. The committee will stand adjourned subject to call of the Chair.

(Whereupon, at 11:30 a.m., the committee was adjourned, subject to the call of the Chair.)

(The following letters by the chairman, the Secretary of the Treasury, the Board of Governors of the Federal Reserve System, and other materials were received for inclusion in the record.)

THE SECRETARY OF THE TREASURY,
Washington, January 28, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Treasury-Post Office Subcommittee,
Senate Appropriations Committee,
Washington, D.C.

DEAR WILLIS: I am enclosing a letter received last week from Chairman Martin of the Federal Reserve Board, together with a copy of my reply, which has to do with the desperate coin shortage in this country. Should you desire more detail, we will gladly make it available.

Anything you can do to help us, I assure you, well be much appreciated.

With best wishes.

Sincerely,

DOUGLAS DILLON.

BOARD OF GOVERNORS
OF THE FEDERAL RESERVE SYSTEM,
Washington, January 13, 1964.

Hon. C. DOUGLAS DILLON,
Secretary of the Treasury,
Washington, D.C.

DEAR DOUG: You will recall my letter of November 16, 1962, referring to the acute shortage of coin at that time and expressing the hope that some emergency measures might be possible to ease the shortage and avoid a recurrence in the future.

The subject of coin was again mentioned at the December meeting of the Presidents of the Federal Reserve banks and the Board of Governors. Comments made by the Presidents indicated that the situation with respect to the coin supply had worsened as compared with last year, and it was suggested that we obtain current reports from each of the Reserve banks so that the Treasury could be apprised more precisely of the situation.

All Reserve banks have now furnished current information and, except for Minneapolis, report that the coin shortage is far more serious than it was a year ago, despite increased amounts supplied by the mint over shipments last year. Widespread and severe rationing has been necessary, mainly because of a substantial reduction in backflow of coin from the commercial banks coupled with a larger demand. Most Reserve banks indicated that they expect the situation to become worse until new mint facilities are available or until other measures are taken to help relieve the shortage. Pertinent excerpts from the reports received from the Reserve banks are attached. The reports in their entirety are available for the use of your staff, if desired.

Under the circumstances, and with mint production at capacity, several of the Reserve banks have suggested that the mint use outside production facilities in order to mitigate the continuing and increasing coin shortages. In our view,

the coin shortage is now harmful to the conduct of the Nation's business and is getting worse. Drastic measures to deal with the situation are warranted. During the next several weeks the need for coin will seasonally abate and in that period we urge you to take steps to augment mint output so that when seasonal needs next rise we will be able to operate with ample supplies.

Sincerely yours,

WM. McC. MARTIN, Jr.

EXCERPTS FROM FEDERAL RESERVE BANK REPORTS (DECEMBER 1963) WITH RESPECT TO THE COIN SUPPLY

BOSTON

In summary, the need for additional coin of all denominations is now more acute than at any previous time. We have been rationing coin of one or more denominations during 18 of the past 23 months.

Our coin balances remain very low in spite of the (16 percent) increase in amounts received from the mint and other Federal Reserve banks this year over the year 1962. The slowdown in the return flow of coin from member banks has been substantial—deposits in November 1963 were 37 percent less than those in November 1962.

For years the coin from the local telephone company was deposited directly with us for the account of a large Boston bank and represented one of our principal sources of supply. Recently the bank arranged with the telephone company to send us only 25 percent of the coin available for deposit. Similarly, coin deposits of our local metropolitan transit authority have been rechanneled directly to the member bank rather than to us for the account of the member bank. To the extent that member banks are returning coin to the Reserve bank, some feel they are doing this as an obligation of membership they would choose to forego when their own needs are not being met.

From the general public, we are receiving critical comments regarding inability of the Federal Reserve and commercial banks to supply coin in an economy where production of almost any other material object is simply a matter of routine.

These considerations lead us to urge consideration of private contracts for coin production in recognition of the urgent needs that are certain to worsen before additional mint capacity can provide an increased supply.

NEW YORK

We feel that the current situation is not only far more acute than in November 1962 but portends a continuing deterioration with extremely critical implications.

During the first 11 months of this year our member banks deposited with us almost $45 million less than for the similar period in 1962. Normally, deposits by member banks have accounted for about 95 percent of the coin paid out by this bank, but that percentage has now dropped to 87.6 percent. The drop in the dollar amount of coin deposited with this bank has severely affected our ability to circulate coin. Since April of 1962, we have had to ration almost continuously one or more denominations of coin.

Recently we have begun to receive telephone calls from business and commercial firms. In most cases, the inquiries were to verify that we were, in fact, limiting coin shipments to their banks of deposit. We know that locally a large chain of coffeeshops has not had enough nickels with which to make change and has been using pennies instead.

The situation at the Buffalo branch has probably been worse than at the head office. Its coin supplies have been so low that frequently it has been able to make only token payments of coin to its banks.

It is our feeling that in the absence of a substantial downturn in the economy, the coin situation will continue to deteriorate until additional minting facilities become available which, we understand, may be at least 2 years in the future. This suggests to us that the Treasury Department should pursue any emergency steps available to it, such as engaging private business to assist the U.S. mint in its operations. It would be desirable that any emergency steps be taken as promptly as possible since seasonal factors should result in a slight and temporary easing of the coin shortage during the early months of next year.

PHILADELPHIA

In this district the supply of nickels has been critical for about 6 months. Until this past week, cents were satisfactory. With the increased demand anticipated for the next 2 weeks, we will not be able to meet our total requirements and a strict program of allocation for these two denominations will have to be exercised. Our inventory of dimes, quarters, and half dollars—supplemented by shipments of coin scheduled for delivery from the mint—will help us to meet the Christmas demand.

Our coin inventory relationship to our minimum requirements points out how critical this problem is. On December 4, 1963, our inventory of nickels was about 3 percent of the minimum requirements, and cents were about 6 percent.

As we see it, it is going to take the continued effort of the mint to bring about some improvement in supply. The demand for coin has not leveled off, but is increasing each day.

CLEVELAND

The coin supply situation in the fourth district currently is worse than it ever has been. Estimates suggest that we have been able to supply banks with only about three-fourths of their normal needs since early November. This is the average for all denominations with the shortage in cents and nickels being the most severe. The wrapping service provided by our offices usually stimulates the flow of coin to and from member banks. Normally, the volume of coin deposited changes little between October and November. This year, however, deposits in November dropped more than one-third from October.

Possible solutions offered from various sources have included the use of scrip or plastic token coins.

We feel the public demands for coin, no matter how illogical they appear, must be met. The shortage will not be over until we can demonstrate that the Federal Reserve can fill all orders. In the meantime, so long as 189 million people believe that there is a shortage, and act accordingly under our free society, a shortage will persist.

RICHMOND

The figures contained in our review of the coin situation in this district show the situation to be serious. Conversations with a number of banks, however, indicate that the condition is really worse than our figures indicate. Bankers now tell us that any reserves the banks may have had are entirely depleted and that coin is being rationed to customers on a hand-to-mouth basis. Day-to-day conversations with ordering banks convince us that they are not overstating the situation.

Beginning with February 1963, the upward trend of coin received from circulation in the years 1958–62, began to change and, although coin received from the mint did continue to increase slightly, the total amount of coin available, from all sources, limited our payments to less than was paid into circulation in 1962.

Since June 1963, it has been necessary to ration all denominations of coin.

ATLANTA

The inconvenience caused by shortages of coin supplies at our head office and our branches at Birmingham, Jacksonville, and New Orleans became more acute in the period January through November 1963, as compared with the same period in 1962. The situation has reached a critical point in all zones except that served by the Nashville branch. The Nashville branch experienced its first rationing (cents) in late November this year. Transfers from the mint increased $2,554,000 in comparison to the previous year. Two of our offices recorded increases in coin deposited by banks, while three offices experienced decreases—with a net increase of $2,254,000 in the first 11 months.

CHICAGO

The coin situation in the head office area is considerably more acute at this time than it was at the same time last year. In spite of an increase of 52 percent in shipments received from the mint, we have been unable to meet the demands of member banks for coin. In November and December 1962, the degree of rationing was intensified and since May 1963, except for brief periods immediately following mint receipts, rationing in all denominations has been continuous. Normally there should be a flowback of coin immediately after the first

of each year, but largely because of our rationing in November and December of 1962 the flowback at the beginning of 1963 was sharply reduced over previous periods. The return to us of coin from our member banks has decreased thus far in 1963 almost 40 percent dollarwise as compared with the same period in 1962, this trend becoming increasingly greater in recent months. As we have curtailed payments, deposits with us have likewise been curtailed. We anticipate even greater curtailment at the beginning of next year in view of the tighter situation now as compared with last year.

The Detroit branch is following a similar rationing procedure to that of the head office, and the situation there is comparable to the problems here in Chicago.

Recognizing that there can be no permanent relief until construction of a new mint or private industry be employed in some capacity in the manufacture of coins, we strongly advocate that both the Philadelphia and Denver Mints continue after the first of next year around-the-clock, 7-days-a-week operations in order to build up high inventories in the Reserve banks that may result in "priming the pump" and bring about an orderly circulation and recirculation of coins.

ST. LOUIS

The shortage of coin in St. Louis is much worse than it ever has been and is more severe than the shortages in Little Rock, Louisville, and Memphis. While most of the denominations show an increase in receipts from the mint, some do not—for example, quarters in St. Louis and nickels in Louisville.

An inventory of coin on December 4, 1963, indicates that St. Louis had fewer of each denomination of coin than any of its branches. St. Louis has been rationing pennies, nickels, and quarters for the past 7 months, and severe and constant rationing of all denominations has occurred since October 1. Of the branches, only Louisville reports minor allocating when unusually large orders are received.

There had been an upward trend for the past few years in the coin deposits received from the banks and coin payments made to banks.

In November 1963, however, there was a substantial drop for both deposits and payments, reflecting the effect of severe and continued rationing.

MINNEAPOLIS

It seems at the present time that the ninth district is quite atypical with respect to coin supplies of the commercial banks. We have had no information indicating a significant shortage of coin at any bank in the district.

We have not had occasion to ration coin to the extent that the practice has apparently been necessary in other districts. However, we have been rationing since last July and, except for very brief periods, rationing has been a daily occurrence in at least some denominations. Our coin supply reached the lowest point in many years on December 4, on which date we were completely out of nickels. A day or two previously we had been completely out of quarters. It may well be that, if the downtrend in our inventories continues, the banks of the district will begin to experience real shortages.

The Helena branch has had no occasion to ration coin and, except for dimes, has had inventories running in excess of those at the head office.

KANSAS CITY

The situation has worsened in this district over the past 12 months. Because of the short supply, it has been necessary to ration all denominations throughout 1963 on an even more stringent basis than in 1962, and we are currently rationing coin on a basis of approximately 5 to 10 percent of the amount ordered in the case of large city banks and 25 percent for country banks. The most acute shortage in the past has been in nickels and pennies, but this recently extended to dimes and to some extent to quarters. This report is based primarily on the situation at the head office, but a generally similar situation also prevails at our branch offices.

We have noted an increasing uneasiness on the part of banks in our district over the coin shortage and our inability to provide coin for legitimate business needs.

DALLAS

Our coin inventory has been lower all year than current demands indicate desirable and we have been rationing nickels since June. It has also been necessary to cut or defer orders for other denominations on occasions. During the period of shortages, this bank has followed a policy of sharing coins between offices and has had to cross-ship between offices on seven occasions to keep an office from a zero-stock situation.

Our normal return flow of nickels has diminished in face of increasing demand, and for several months has been about 20 percent less than in 1962 when it was also below normal. The return flow of dimes and cents has been lower by about 5 percent.

While our district is probably in better position than most others, in our opinion the coin situation warrants immediate and drastic action. The shortage is so severe and continuous that we believe extraordinary measures are justified and would recommend utilization of private production facilities wherever possible.

It is our hope that prompt action can be taken so that rationing and restraint of coin distribution can be eliminated before the renewed business demands of early spring.

SAN FRANCISCO

Continuing shortages exist in cents, nickels, and dimes, and the possibility exists that a shortage of quarters will develop later this month. Demand for coin continue heavy and rationing is necessary to provide equitable distribution of existing stocks.

Demand for coin continues heavy and rationing is necessary to provide equitable distribution of existing stocks. Continued paring of banks' orders has resulted, over time, in growing reluctance to return any excess coin to us and our receipts from this source have diminished significantly. Receipts from member banks in November 1963 are 27 percent lower than for the same month last year on a district basis.

Coin shortages have resulted in numerous expressions of concern by commercial banks. Generally, it appears to be recognized that existing mint facilities are being used to the maximum and little hope exists that the situation will be corrected within the near future.

THE SECRETARY OF THE TREASURY,
Washington, January 28, 1964.

Hon. WILLIAM McC. MARTIN, Jr.,
Chairman, Board of Governors,
Federal Reserve System,
Washington, D.C.

DEAR BILL: Thank you for your letter of January 13 regarding the current coin shortage and for sending me the excerpts from the coin situation reports of the Federal Reserve banks. Your letter and the bank reports confirm very clearly the need for prompt remedial action.

I would like to say at the outset that the root of the critical coin shortage problem is the lack of existing facilities to meet coin production needs. This has both short-term and long-term aspects. Given sufficient funds to improve the present mint facilities and to permit full overtime operations there is reason to believe that coinage production could be substantially increased. However, the long-run solution rests in the construction of new and enlarged mint facilities in Philadelphia.

The demand for coin has, as you know, increased considerably in recent years. There was a particularly sharp rise in demand for coin during the last 3 to 4 years. Coin production, to meet requirement needs, rose from an annual production range of 1.5 to 2 billion pieces during the 1950's to over 3 billion pieces in fiscal year 1961. It has continued to increase steadily; 3.4 billion pieces were produced in fiscal year 1962 and 3.6 billion pieces were produced in fiscal year 1963. In the first 6 months of fiscal year 1964, 2.15 billion pieces were produced. This is an annual current production rate of over 4 billion pieces. Despite this high rate of recent production, however, there is for all practical purposes no inventory of coins in either the mints or, as you know, in the Federal Reserve banks.

This increasing demand for coin may be expected to continue. It is a natural consequence of a growing economy. Increases in sales taxes in many sections of the country, greater numbers of vending machines and parking meters and other similar factors have all contributed to the increased demand for coin. A private engineering consulting firm with which Bureau of the Budget contracted in early 1962 to study the problem predicted that coin demand would continue to rise at a rate of about 5½ percent per year and that coin requirements would increase to 5.1 billion coins by 1970 and to over 7 billion coins by 1975.

I believe it is important to note, however, that the management engineering consulting firm also found that, within limitations imposed by existing facilities and available funds, the production of coins by the U.S. Mint has been managed in a sound and economical manner.

The significant fact, in other words, is that the existing mint facilities operated on a regular basis are inadequate to meet demands for coin. New and improved mint facilities are necessary and, until the new facilities are completed, additional funds to permit production operations with existing facilities on a substantial overtime basis is imperative.

As you know, the Congress has authorized the construction and equipping of new mint facilities, and positive steps have been taken to expedite construction of the new mint in Philadelphia. However, our pending request for the initial appropriation required for planning has not yet been approved. The total estimated cost of the new mint at Philadelphia is $16.5 million of which $16 million, to cover land acquisition, building and equipment construction costs, is included in the Treasury appropriation request for fiscal year 1965; presently pending, in addition, is our request for appropriation of $500,000 in 1964 to cover architectural and engineering plans. We have been urging upon Congress the importance of favorable and prompt action on these appropriation requests so that we can move expeditiously toward completion of the new mint facilities. The architectural and engineering plans alone require at least 10 months to complete. Delay means substantial waste and unnecessary expense. It is estimated that each month of delay for completion of the new mint costs $190,000, or $2.3 million annually.

In the meantime, to meet the immediate coin shortage problem pending completion of the new facilities, coinage output can be substantially increased if we place mint production on a full three-shift basis.

On January 21, 1964, President Johnson requested a supplemental appropriation of $500,000 to pay for overtime operations at the mint for the balance of this fiscal year. If this is approved, we will immediately resume full overtime operations. We are hopeful that the Congress will give favorable and prompt action on our requests to meet the pressing needs of the economy for additional coinage.

Treasury strongly opposes the proposal that coin be struck outside the mint. You are aware, I know, that the Treasury has no authority under present coinage laws to have coins made by private contractors. Such an innovation would require authorizing legislation.

I believe in any event, however, that striking and producing coins should be a Government activity. Indeed, from a historical viewpoint, coinage within a Government-owned plant was considered to be of such importance that the mint was the first public building authorized. Coinage by private contractors would raise a host of complicating factors and practical problems. Security and accountability control in private plants will be difficult. If coinage were to be done by private industry it would have to be done on a competitive bid, one year basis, if standard procedure were to be followed. That would require leadtime of many, many months for the contractor to obtain the special machinery which is unique and does not exist in any private plant.

I might add that, at the present time, the mint is purchasing fabricated strip from private industry, on a competitive bid basis, for 5-cent coinage. However, this does not result in lower operating costs to the mint. Although necessary as an expedient, it is estimated that this outside purchasing of fabricated strip will cost from $725,000 to $925,000 a year, depending on the volume of nickels produced, in excess of what it would have cost had the strip been produced with mint facilities. The new mint at Philadelphia will provide greatly expanded coinage facilities, and the practice of purchasing strip will be discontinued when that facility is in operation.

You may be sure we will continue to do everything possible to increase coinage within the limitations of existing facilities and operating funds, and we will replace the mint facilities at Philadelphia as rapidly as possible when the funds for ths purpose are appropriated by the Congress.

With best wishes.

Sincerely,

DOUGLAS DILLON.

JANUARY 30, 1964.

HON. C. DOUGLAS DILLON,
Secretary of the Treasury,
Washington, D.C.

DEAR DOUGLAS: Thank you for your letter of January 28 enclosing a letter from the Federal Reserve Board together with excerpts from Federal Reserve bank reports showing the serious shortage of coins and the problems and expenses resulting from this shortage.

As you know, of course, we were advised of existing shortages and the probability of worse shortages in the future at the time the Banking and Currency Committee was considering the proposal to build a new mint in Philadelphia. And it was because of our expectation that these shortages would be causing increased difficulties and expense to business and commerce generally that we promptly approved the proposal of the Bureau of the Mint.

I hope that you will soon be able to start work on the new mint, and I stand ready to help you get the appropriation of $500,000 you need to start work on plans and specifications for it, as soon as this proposal comes over from the House in connection with the regular 1965 appropriation bill.

I realize that the new mint at best will take 2 or 3 years to build. In the meanwhile the current shortages of coins will undoubtedly get worse and worse, even assuming there is no breakdown in equipment at one or the other of the mints.

During this interim period, it seems to me two efforts must be made. First, your request for additional appropriations for overtime work and extra equipment in order to run both mints on a 7-day, 24-hour basis should be vigorously justified and, in my opinion, should be granted. This will at least make it possible to get the maximum production out of the existing mints.

In the second place, it seems to me every effort shoud be made to cut down on the number of man-hours and equipment time devoted to output which will not meet the country's need for coins. It seems to me a careful review should be made of the sales of uncirculated coins, all of which, I take it, go to collectors rather than into circulation, and proof coins which likewise do not go into circulation.

In addition, much thought must be given to the problems which are almost sure to result from the production of new silver dollars and the newly authorized 50-cent pieces. If it is likely that the production of these coins will interfere seriously with the needs of industry and commerce, it may be necessary to reconsider the decision to strike these coins at the present time. It might, in fact, be appropriate to consider postponing the striking of new silver dollars and the newly authorized 50-cent pieces until after construction of the new Philadelphia mint.

Since the primary purpose of the mints is to produce coinage needed to fill the demands of the Nation's finance, commerce and business, and the needs of individuals, we must not permit these essential purposes to be interfered with by any activities which are not absolutely essential.

I will look to you to keep me advised further in this matter and, in particular, to let me know if you feel further legislation is essential.

With kind personal regards, I am,

Sincerely yours,

A. WILLIS ROBERTSON, *Chairman.*

THE SECRETARY OF THE TREASURY,
Washington, February 12, 1964.

HON. A. WILLIS ROBERTSON,
Chairman, Treasury-Post Office Subcommittee,
Senate Appropriations Committee,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reference to your letter of January 30 regarding problems relating to the continuing and growing shortage of coins.

I am very pleased to note your interest in the new mint, and your desire to have construction started at the earliest possible moment. Although funds have not yet been appropriated, we are moving ahead as promptly as possible with our plans for the new building. The urban renewal authority, at our request, has already taken action to clear the site for the new mint in Philadelphia, and they now estimate that the land will be cleared and ready for conveyance in November of this year.

Your assistance in speeding the appropriation for $500,000 to finance the architectural and engineering plans for the new mint will be greatly appreciated. Funds needed for purchase of equipment items and construction of the building, as well as land cost, are being requested in our regular appropriation for fiscal 1965. We expect to move ahead as rapidly as possible on all phases of the project as soon as the necessary funds are made available to us.

An exhaustive study has been made by technical and administrative officials of the Bureau of the Mint of ways and means of increasing coinage production with present facilities, until the new mint is completed. This is a continuing study. As a result of certain innovations which are already underway, coinage production can be increased. However, a primary requirement is the need for funds for additional employees, and other operating expenses of the mint. The mint is requesting supplemental operating funds for the remainder of fiscal 1964, and a larger appropriation for fiscal 1965, for increased coinage. The extra funds requested will permit utiiization of the full capacity of the mint, around the clock.

The facilities which are used for the production of proof coins are completely separate from those used for regular coinage, and production of proof sets does not interfere in any way with normal coinage operations. Furthermore, this operation is not only self-financing, but a profit is realized on the sale of these sets which is deposited into the Treasury as a miscellaneous receipt item.

Sales of uncirculated coin sets are expected to amount to about 650,000 sets for calendar 1963, or approximately 6½ million coins. This operation is also self-financing, and since the quantity sold in this manner is a small fraction of 1 percent of our regular production, we do not feel that discontinuing this service would yield a substantial benefit in the coin-shortage problem. On the other hand, by providing this service for the collectors, we feel that this does provide coins for collectors who might otherwise buy rolls, or even bags, of newly minted coins.

We have given considerable thought to problems related to production of silver dollars, and the new 50-cent coins. In connection with the silver dollars, you will recall that at the time of the silver hearings last year in reply to questions regarding the future of silver dollars, we indicated we would request funds for production of additional silver dollars, if and when more are needed. Since our present stock has been depleted to about 27 million pieces, it was felt that funds should be requested at this time. The primary requirement for this denomination is the provision in the recent legislation (Public Law 88–36) for redemption of silver certificates in silver dollars or bullion, as follows:

"Silver certificates shall be exchangeable on demand at the Treasury of the United States for silver dollars or, at the option of the Secretary of the Treasury, at such places as he may designate, for silver bullion at a monetary value equal to the face amount of the certificates."

31-069—64——7

If the Congress should decide that silver dollars are not needed, we will have to find a means of redeeming individual silver certificates, or small quantities of certificates, with silver bullion. Our present redemption procedures provide for silver bars weighing approximately 1,000 ounces each.

As for production of the new 50-cent pieces, this coin, as you know, was authorized by an overwhelming majority in the Congress. Plans have already been made for early production, and I am enclosing a recent White House press release for your information.

I sincerely appreciate your interest in the problems of the mint, and your kind offer of assistance in obtaining appropriations, or in any other manner which will enable us to work out these problems.

With best wishes,

Sincerely,

DOUGLAS DILLON.

PRESS RELEASE, OFFICE OF THE WHITE HOUSE PRESS SECRETARY, FEBRUARY 4, 1964

The first of the new John F. Kennedy half dollars for general circulation purposes will be struck at the mints in Philadelphia and Denver on February 11, 1964.

Miss Eva Adams, Director of the mint, said the mint will produce 90 million of the new half dollars during 1964. When 26 million have been made they will be distributed through the Federal Reserve banks to banks throughout the country and released to the public at face value in late March or early April. Thereafter, the new coins will be placed in circulation on a continuous basis as they are produced at the mints.

The John F. Kennedy half dollar was authorized by Congress in Public Law No. 88–256, approved by President Johnson on December 30, 1963. The face of the coin bears a portrait of the late President, facing left. Above and around the border is the word "Liberty." Beneath, and around the border is the date. Above the date and below the head is the motto "In God We Trust." The reverse of the coin contains a replica of the Presidential Coat of Arms. Above, and around the border are the words "United States of America." Below and around the border "half dollar." On the ribbon above the eagle's head are the words "e pluribus unum" (one out of many).

The models for both sides of the coin were prepared by the U.S. mint. The Presidential likeness was done by Gilroy Roberts, chief sculptor of the mint at Philadelphia, and the Presidential Coat of Arms was executed by his assistant, Frank Gasparro.

Individual specimens of the coin are not available from the mints or the Federal Reserve Banks. They can be obtained by the public only through local banking sources.

(An excerpt from the Treasury, Post Office, and Executive Office appropriation bill, 1965, H. Rept. No. 1247, follows:)

BUREAU OF THE MINT

SALARIES AND EXPENSES

Appropriation, fiscal year 1964	$7,500,000
Budget estimate, fiscal year 1965	9,980,000
Supplemental, fiscal year 1964, for silver dollars (by transfer)	(675,000)
Supplemental, fiscal year 1964, for regular coinage (by transfer)	(500,000)
Recommended in the bill:	
For fiscal year 1965	9,380,000
Supplementals, fiscal years 1964	(600,000)
Bill compared with (for fiscal year 1965)—	
Appropriation, fiscal year 1964	+1,880,000
Budget estimate, fiscal year 1965	—600,000

The committee recommends $100,000 of the $675,000 supplemental request to mint 50 million silver dollars and all of the $500,000 regular coinage supplemental, both amounts to be available immediately but both amounts to be used exclusively to increase production of regular coins which are in critically short supply.

Mint officials have indicated that $600,000 could be used during the remainder of fiscal year 1964 to increase the production of regular coins. The committee

has allowed this amount. The budget request for fiscal year 1965 contains $1,250,000 for the minting of 100 million silver dollars. Mint officials have testified that $650,000 of this amount could be used to increase regular coinage should the request to mint silver dollars be denied. Accordingly the committee has allowed the $650,000 for this purpose, and has reduced the budget request the remaining $600,000 of the amount for silver dollars. The remainder of the budget request is allowed in full. The amount recommended will allow 100 of the 134 additional personnel requested.

SILVER DOLLARS

The committee has disallowed the request to resume the minting of silver dollars at this time. The committee held extensive hearings on this subject and carefully considered statements by congressional delegations representing the silver States. This is not a simple problem of authorizing funds for the minting of additional silver dollars. Many other factors are involved, and the committee carefully considered every alternative. The committee is fully aware of the importance attached to this issue by the silver States; however, in view of the facts developed during the investigations and hearings, the committee could support only one conclusion—that the best interests of all the people require that the total minting capacity of the two existing mints be devoted entirely to meeting the critical shortage in minor coins.

Among the major considerations which support the committee's position are the following:

(*a*) The shortage in minor coins at the present time is the most critical in the history of the mint, and the demand is increasing at a rate that has outstripped the capacity of both existing mints, even at three-shift, 7-day operation. Every denomination of coin is now being rationed. There is no currency substitute for minor coins such as there is for silver dollars.

(*b*) The new mint to be constructed in Philadelphia, for which funds are allowed in this bill, will not be in actual production for several years.

(*c*) Additional silver dollars can be minted only at the expense of minting minor coins.

(*d*) At the present rate of usage, the supply of free silver in the Treasury will be exhausted in 7 or 8 years. At the present time, the United States is using silver annually at a rate approximately equal to the entire world production. Considerable quantities of silver are being consumed in defense activities and cannot be recovered.

(*e*) The amount of silver in a silver dollar, at current prices, is worth slightly more than a dollar, while the amount of silver in two half dollars is worth about 92 cents. The committee feels that additional silver dollars should not be minted until the Congress enacts legislation concerning the silver content of the silver dollar. Should the price of silver continue to rise, even just a few cents per ounce, it would be profitable to melt down silver dollars for the silver content. The minting of additional silver dollars, at this time, would only serve to aggravate the problem.

CONSTRUCTION OF MINT FACILITIES

Appropriation, fiscal year 1964	------------
Supplemental estimate, fiscal year 1964 (transfer)	$500,000
Budget estimate, fiscal year 1965	16,000,000
Recommended in the bill	16,000,000
Bill compared with: (for fiscal year 1965)	
Appropriation, fiscal year 1964	+16,000,000
Budget estimate, fiscal year 1965	------------

The committee recommends that the supplemental estimate of $500,000, to be derived by transfer of fiscal year 1964 funds, be allowed in full, and further recommends that the funds be made available immediately upon enactment of the bill, in order that plans and specifications can be developed for the new mint to be constructed in Philadelphia.

The committee recommends appropriation of the full budget estimate of $16 million, in order that no time will be lost in providing the new mint to meet the unprecedented demand for coins.

The committee desires that the Department immediately initiate negotiations with industry to develop modern, efficient, and high-speed machinery for the new mint. The machinery currently being used in the mints, especially the presses which stamp one or two coins at a time, have created a bottleneck in production which should be eliminated.

Circulation statement of U.S. money—Feb. 29, 1964

Kind of money	Total amount	Money held in the Treasury					Money outside of the Treasury			
		Total	Amount held as security against gold and silver certificates	Reserve against U.S. notes	Held for Federal Reserve banks and agents	All other money	Total	Held by Federal Reserve banks and agents	In circulation [1] Amount	In circulation [1] Per capita [2]
Gold	[3] $15, 461, 706, 814	$15, 461, 706, 814	$15, 184, 761, 410	$156, 039, 431		$120, 905, 973				
Gold certificates, series of 1934	[4] (15, 184, 761, 410)	[4] (12, 368, 705, 810)			[4] [5] ($12, 368, 705, 810)		$2, 816, 055, 600	$2, 816, 055, 600		
Standard silver dollars	484, 783, 300	24, 268, 648				24, 268, 648	460, 514, 652	1, 156, 012	$459, 358, 640	$2. 40
Silver bullion	1, 948, 341, 450	1, 948, 341, 450	1, 929, 572, 258			18, 769, 192				
Silver certificates, issued after June 30, 1929	[4] (1, 929, 572, 258)						1, 929, 572, 258	226, 298, 745	1, 702, 273, 513	8. 91
Subsidiary silver	1, 919, 778, 300	15, 610, 215				15, 610, 215	1, 904, 168, 085	33, 210, 620	1, 870, 957, 465	9. 79
Minor coin	718, 157, 000	1, 654, 201				1, 654, 201	716, 502, 799	3, 075, 244	713, 427, 555	3. 73
U.S. notes	346, 681, 016	1, 231, 636				1, 231, 636	345, 449, 380	33, 722, 322	311, 727, 058	1. 63
Federal Reserve notes, 1928 and subsequent series	33, 606, 796, 660	93, 371, 804				93, 371, 804	33, 513, 424, 856	2, 424, 495, 872	31, 088, 928, 964	162. 61
Subtotal	54, 486, 244, 540	17, 546, 184, 768	17, 114, 333, 668	156, 039, 431	[4] (12, 368, 705, 810)	[6] 275, 811, 669	[7] 41, 685, 687, 630	5, 538, 014, 415	36, 147, 673, 215	189. 07
In process of retirement (redeemable from general fund of the Treasury):										
Federal Reserve bank notes	75, 438, 568	286, 000				286, 000	75, 152, 568	284, 500	74, 868, 068	. 39
National Bank notes	36, 612, 573	5, 200				5, 200	36, 607, 373	41, 795	36, 565, 578	. 19
Gold certificates, prior to series of 1934	19, 966, 059	441, 520				441, 520	19, 524, 539		19, 524, 539	. 10
Federal Reserve notes, prior to series of 1928	17, 877, 903						17, 877, 903		17, 877, 903	. 09
Silver certificates, issued before July 1, 1929	14, 934, 442						14, 934, 442		14, 934, 442	. 08
Treasury notes of 1890	141, 534						141, 534		141, 534	([5])
Total Feb. 29, 1964	54, 651, 215, 619	17, 546, 917, 488	17, 114, 333, 668	156, 039, 431	[4] (12, 368, 705, 810)	[6] 276, 544, 389	[7] 41, 849, 925, 989	5, 538, 340, 710	36, 311, 585, 279	189. 92

Paper currency of each denomination in circulation—Feb. 29, 1964

Denomination	Gold certificates	Silver certificates	U.S. notes	Federal Reserve notes	Federal Reserve bank notes	National bank notes	Treasury notes of 1890	Total
One dollar		$1,508,551,331	$5,081,904	$75,039,619	$773,419	$253,915	$23,373	$1,589,723,561
Two dollars		1,404,594	98,965,154		173,844	120,818	22,196	100,686,606
Five dollars		170,029,105	197,527,392	1,902,081,173	1,399,380	6,516,008	24,425	2,277,577,483
Ten dollars	$5,244,150	37,754,855	6,524,191	6,916,168,875	5,729,820	11,777,270	21,180	6,983,220,341
Twenty dollars	7,611,414	323,170	2,424,192	11,529,015,270	14,558,080	12,006,280	19,560	11,565,987,966
Fifty dollars	2,075,175	78,900	200,025	3,124,695,750	17,278,325	2,502,150	1,300	3,146,831,625
One hundred dollars	2,945,800	50,000	327,200	7,015,468,700	34,955,200	3,303,150	14,500	7,057,064,550
Five hundred dollars	623,000	7,000	352,000	245,366,500		64,500		246,413,000
One thousand dollars	865,000	9,000	325,000	292,261,000		21,000	15,000	293,496,000
Five thousand dollars	50,000			2,590,000				2,640,000
Ten thousand dollars	80,000			4,120,000				4,200,000
Fractional parts						487		487
Total	19,524,539	1,718,207,955	311,727,058	31,106,806,887	74,868,068	36,565,578	141,534	33,267,841,619

Comparative totals of money in circulation [1]

Date	Amount	Per capita [2]
Feb. 29, 1964	$36,311,585,279	$189.92
Jan. 31, 1964	[9] 36,247,131,121	[10] 189.76
Dec. 31, 1963	[11] 37,691,637,528	197.54
Feb. 28, 1963	34,286,181,788	181.94
June 30, 1960	32,064,619,064	177.47
June 30, 1955	30,229,323,246	182.90
June 30, 1950	27,156,290,042	179.03
June 30, 1945	26,746,438,483	191.14
June 30, 1940	7,847,501,324	59.40
June 30, 1935	5,567,092,519	43.75
June 30, 1930	4,521,987,962	36.74
June 30, 1925	4,815,207,508	41.56
Oct. 31, 1920	5,698,214,612	53.18
Mar. 31, 1917	4,172,945,914	40.49
June 30, 1914	3,459,434,174	34.90
Jan. 1, 1879	816,266,721	16.76

[1] The money in circulation includes any paper currency held outside the continental limits of the United States.

[2] Based on Bureau of the Census estimates of population.

[3] Does not include gold other than that held by the Treasury.

[4] These amounts are not included in the total, since the gold or silver held as security against gold certificates of series of 1934 and silver certificates issued after June 30, 1929, is included under gold, standard silver dollars, and silver bullion, respectively.

[5] This total includes credits with the Treasurer of the United States payable in gold certificates in (1) the "Gold certificate fund—Board of Governors, Federal Reserve System," in the amount of $10,958,087,296 and (2) the redemption fund for Federal Reserve notes in the amount of $1,410,618,514.

[6] Includes $22,350,000 lawful money deposited as a reserve for postal savings deposits.

[7] The amount of gold certificates of series of 1934 and silver certificates issued after June 30, 1929, should be deducted from this amount before combining with total money held in the Treasury to arrive at the total amount of money in th United States.

[8] Less than ½ cent.

[9] Lowest amount since Dec. 31, 1963.

[10] Revised.

[11] Highest amount to date.

NOTE.—There is maintained in the Treasury—(i) as a reserve for U.S. notes—$156,039,431 in gold bullion; (ii) as security for outstanding silver certificates issued after June 30, 1929—silver in bullion and standard silver dollars of a monetary value equal to the face amount of such silver certificates, and (iii) as security for gold certificates of series of 1934—gold bullion of a value at the legal standard equal to the face amount of such gold certificates. Treasury notes of 1890, silver certificates issued before July 1, 1929, and gold certificates prior to series of 1934 are redeemable from the general fund of the Treasury and upon redemption will be retired. Federal Reserve notes are obligations of the United States. Funds have been deposited in the Treasury for the retirement of Federal Reserve notes of all series prior to the series of 1928. Federal Reserve notes, except those for which such payment has been made to the Treasury, are a first lien on all assets of the issuing Federal Reserve bank and are secured by the deposit by the Federal Reserve bank concerned, with its Federal Reserve agent, of a like amount of collateral consisting of such discounted or purchased paper as is eligible under the terms of the Federal Reserve Act, or gold certificates, or direct obligations of the United States. Each Federal Reserve bank must maintain reserves in gold certificates of not less than 25 percent against its Federal Reserve notes in actual circulation. Gold certificates deposited with Federal Reserve agents as collateral, and those deposited with the Treasurer of the United States as a redemption fund, are counted as part of the required reserve. "Gold certificates" as herein used includes credits with the Treasurer of the United States payable in gold certificates. Federal Reserve bank notes and national bank notes are in process of retirement.

(The following letters and telegrams were received for inclusion in the record:)

HARDIN, MONT., *March 23, 1964.*

Senator A. WILLIS ROBERTSON,
Washington, D.C.:

Ask your aid getting more silver dollars. Paper money poor substitute. Not liked this area.

GERALD C. HAPP.

HARDIN, MONT., *March 23, 1964.*

Senator A. WILLIS ROBERTSON,
Washington, D.C.:

Ask your aid getting more silver dollars. Paper money poor substitute. Not liked this area.

MABEL HARRISON.

HARDIN, MONT., *March 23, 1964.*

Senator A. WILLIS ROBERTSON,
Washington, D.C.:

Please work toward minting more silver dollars. Trade symbol this section of country.

JAMES ROMINE.

FIRST & MERCHANTS NATIONAL BANK OF RICHMOND,
Richmond, Va., March 30, 1964.

Hon. A. WILLIS ROBERTSON,
U.S. Senate, Washington, D.C.

DEAR SENATOR ROBERTSON: I understand there is an effort being made to have Congress provide that the mints temporarily discontinue the coinage of small coins and concentrate on the coinage of silver dollars. It seems to me that there is a much greater need for small coins than there is for silver dollars, so I hope that the mints will not switch over to the concentration of silver dollars.

With much appreciation for your consideration, and best personal regards, I am,

Sincerely yours,

J. PHILLIPS COLEMAN, *President.*

STATE OF MONTANA,
OFFICE OF THE GOVERNOR,
Helena, March 31, 1964.

Senator A. WILLIS ROBERTSON,
Senate Office Building, Washington, D.C.

DEAR SENATOR: Please accept this letter as of a matter of great importance to the people of Montana and the West; and this is in regards to the additional minting of silver dollars.

I feel sure that legislation will be reintroduced so that we in the western part of the United States will have the opportunity to continue using the medium of exchange that has been part of our heritage.

This note is brief, but we in no way want to distract from the urgency of this matter and respectfully urge you to give it your utmost consideration and support.

Sincerely yours,

TIM BABCOCK, *Governor.*

ALLENTOWN, PA., *March 31, 1964.*

Senator A. WILLIS ROBERTSON.

DEAR SIR: I just read in the morning paper about the hearing you called on legislation to keep the silver dollar alive. Yes, keep it alive and don't give anybody silver dollars on a Federal Reserve note—the only bills exchangable are $1 silver certificates.

What is the matter with our Secretary of the Treasury—when I go to the bank to exchange $5 certificates for 5 dollars the way it looks I won't be able to get them; as I always give my grandchildren silver dollars on their birthdays and they will be 6 years old on January 1965.

Why don't you make a rule to sell the old silver dollars in and remelt them. Because some that I got the last time you could hardly see the date on them. Tell the committee what I say about the silver dollars.

Yours truly,

E. C. FETTERSOF.

NEW YORK, N.Y., *March 31, 1964.*

A. WILLIS ROBERTSON,
Washington, D.C.

Strongly oppose bill S. 2671 because it appears to have the objective and certainly would have the result of raising the market price of silver beyond the 41 percent it has already risen over the past 3 years.

HANDY & HARMAN.
J. C. TRAVIS, *President.*

LAS VEGAS, NEV., *March 31, 1964.*

Hon. A. W. ROBERTSON:

The Las Vegas Review Journal carried an article that your Banking and Currency Committee will hold hearings on minting silver dollars.

I hope you can find a way to do this. I feel sure the lack of silver here in the West will hurt the economy. I think nothing of spending coins, but think twice before going into my wallet for paper money.

Thanks,

J. L. KOFRON.

STATE-PLANTERS BANK OF COMMERCE & TRUSTS,
Richmond, Va., March 31, 1964.

Hon. A. WILLIS ROBERTSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROBERTSON: Many of us in banking are distressed to hear that the Senate is strongly considering the adoption of legislation that would provide for the resumed coinage of silver dollars at the expense of adequate coinage of the small coins in such critical short supply.

As a major bank in Virginia, we have a constant problem in meeting our customer demands for small coins, not to mention those made of us by our bank correspondents. Nearly every day we face some form of coin rationing from the Federal Reserve Bank of Richmond. One or more times a week we are forced to send special messengers to pick up coin from any source available. In spite of efforts by the mints to meet the demand, the problem is becoming more acute all the time.

As we understand it, the House has passed H.R. 10532 to build a new mint, although its productive facilities won't be ready before 1966.

If there were a reasonably adequate supply of small coins we would offer no objection to the resumed minting of silver dollars. Perhaps this can be done after the new mint has been completed. Now, however, to divert mint productive capacity from small coins to silver dollars, simply to cater to the whims of a small section of the country would be catastrophic. The coin shortage is very real and the public blames the banks, not the Treasury, when demands cannot be met.

Sincerely,

HORACE H. HARRISON, *Vice President and Cashier.*

MORRISTOWN, N.J., *March 31, 1964.*

Hon. HARRISON A. WILLIAMS,
U.S. Senate,
Senate Office Building,
Washington, D.C.:

Urge you strenuously oppose bill S. 2671 to reduce silver content of silver coin. Measure if passed will cause substantial rise in market price silver encouraging public to hoard subsidiary coins which are in seriously short supply.

JOHN J. SHEARS.

MARCH 31, 1964.

Hon. A. WILLIS ROBERTSON:

Please be advised that we are against reduction of silver contents in our silver money, especially the silver dollar.

Our country needs the faith it has and the reduction will make many people lose this faith.

It is bad enough that the money is thrown away on foreign aid.

We should try to keep the money in this country. I hope you have read the editorial written by May Craig.

Very truly yours,

WATSON SZEMBROTH.

ALBANY, N.Y.

NEWBURYPORT, MASS., *March 31, 1964.*

Hon. A. W. ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Washington, D.C.:

On behalf of our employees and customers we wish to express extreme opposition to S. 2671, the primary objective of which is to stimulate a substantial increase in the market price of silver bullion.

ELLIOT M. GORDON,
President, Towle Manufacturing Co.

LANCASTER, N.H., *March 31, 1964.*

Hon. A. WILLIS ROBERTSON,
Chairman, Banking and Currency Committee,
U.S. Senate, Washington, D.C.:

The Silver Users Association urgently opposes passage of S. 2671, a bill to redefine the silver content in silver coins. The purpose of this bill can only be to permit a rise in the market price for silver. Contrary to published reports, passage of this bill is not necessary for the minting of additional silver dollars. Devaluation of the silver dollar at this time would have serious consequences on our political, economic, and financial system. We strongly protest the precipitate manner in which this extremely important matter is being handled.

SINCLAIR WEEKS.

MISSOULA, MONT., *April 1, 1964.*

Senator ROBERTSON,
Senate Office Building.

DEAR SIR: As you are the chairman of the Senate Banking and Currency Committee and will be holding a hearing on legislation to mint silver dollars, I feel that you should know, we here in Montana desire to keep our silver dollars and urge passage of legislation required to mint additional silver dollars.

Sincerely,

WES BOE.

MISSOULA, MONT., *April 1, 1964.*

Senator A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building, Washington, D.C.:

Abhor House Appropriations' failure to approve funds for minting of silver dollars. Earnestly urge continuation of significant and valued American tradition affectionately known as the cartwheel. Appreciate all efforts which shall gain the minting of silver dollars.

Sincerely,

ANNIE R. ELLINGHOUSE.
DEREK L. ELLINGHOUSE.
SUSAN M. MOWBRAY.
WAYNE H. MOWBRAY.

MEMPHIS, TEX., *April 1, 1964.*

Chairman A. WILLIS ROBERTSON.
Banking and Currency Committee,
Washington, D.C.

DEAR SIR: Your committee discussions regarding the lowering of the silver content of the dollar from 90 percent to 80 percent should ponder the following points:

(1) We, as a nation, as individuals, always seem to be lowering our standards, giving ground, and diluting our dignity. It's no wonder that we have lost the respect of other nations of the world and suffered humilities uncalled for or righted.

(2) Why must the deliberations be founded on a point of arbitration? If now it is agreed to go to 80 percent then soon it will be less and less, until it is gradually sunk beyond the point of redemption.

(3) The use of gold for monetary purposes was taken from the American people and now it seems that silver, the silver dollar, as much American as Thanksgiving and hotdogs, is to vanish as has so many other of our fought for and died for privileges.

I'm not speaking for the gambling dollar. Hell, man, I'm talking about the U.S. dollar.

May God help you in your deliberations.

Yours very truly,

R. E. ROARK.

BUTTE, MONT., *April 1, 1964.*

Senator A. WILLIS ROBERTSON,
Chairman, Senate Banking Committee,
Senate Chambers, Washington, D.C.

DEAR SENATOR: Residents of Walkersville, Mont., a silver-producing mining city, are anxious to have more dollars minted to be used by the U.S. exchange medium. Since 1875 Walkerville mines have produced silver, at times leading the Nation in silver production. Silver dollars to Montanans have been a long-continuing heritage, one which we desire to preserve. Respectfully urge you and your committee and the Congress of the United States to make possible the minting of more silver dollars so this heritage of ours may be continued.

Respectfully yours,

JAMES R. SHEA,
Mayor, Walkerville.

THE SOUTH CAROLINA NATIONAL BANK,
Greenville, April 1, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Banking and Currency Committee,
U.S. Senate, Washington, D.C.

DEAR SENATOR ROBERTSON: I have noticed in the press that you and your committee contemplate holding a hearing, at the request of Senator Mike Mansfield, of Montana, to consider a bill to reduce the silver content of the dollar from 90 to 80 percent and mint new silver dollars.

Senator, I think that a majority of the bankers throughout the country would rather have the Directors of the Mints concentrate on the production of half dollars, quarters, dimes, nickels, and pennies, instead of minting silver dollars. The entire Nation needs more small coins, and only one or two States in the Union are concerned with additional silver dollars; those happen to be States in which gambling is legalized. Therefore, I ask the question: Why provide silver dollars for one or two States in the Union when a vast majority of the citizens of this country do not want to be bothered with heavy silver dollars? They prefer currency instead. Now, I sincerely believe this, and if you or someone else would conduct a survey of the bankers and the public at large, I think you would find only two groups of citizens interested in silver dollars: (1) the gamblers who are located in legalized gambling States; and (2) coin dealers and collectors; so, why provide special legislation for minority groups at the expense of the taxpayers of this country?

I hope that you will take these comments into consideration when considering the bill.

With kindest personal regards,

Sincerely,

W. W. McEachern, *President.*

Summit, N.J., *April 1, 1964.*

Hon. Harrison A. Williams, Jr.,
U.S. Senate,
Senate Office Building,
Washington, D.C.:

Strongly oppose bill S. 2671 scheduled for hearings April 2.

Passage would certainly result in substantial increase in market price of silver which has already risen 41 percent in past 3 years.

J. C. Travis.

Billings, Mont., *April 2, 1964.*

Senator A. W. Robertson,
Banking and Currency Committee,
U.S. Senate, Washington, D.C.

Dear Senator Robertson: The silver dollar is very close to our hearts, and to our way of life in the West.

Cut the amount of silver in the dollar to whatever point you deem necessary, but please issue some more silver dollars. This is important to us.

Sincerely,

John Conter.

Wilmington, Del., *April 2, 1964.*

Hon. Harrison A. Williams, Jr.,
Senate Office Building,
U.S. Senate, Washington, D.C.
(Attention Ardee Ames, Legislative Assistant):

Preliminary study indicates that enactment of proposed legislation embodied in S. 2671 may increase price of silver to industrial consumers from $1.29 per ounce to $1.45 per ounce. This potential 12-percent increase in an essential raw material cost to our company and others in the photographic industry causes great concern and would follow a 40-percent increase in silver prices already experienced since October 1961. We respectfully request that further action on S. 2671 by Senate Banking and Currency Committee be postponed to provide sufficient time for interested and affected industrial concerns to study the proposed legislation and to permit their analysis of its probable effect on the photographic industry.

As you know, more than 2,000 citizens of New Jersey are employed by the Du Pont Co. at its photo products plant in Parlin, N.J. It is in their interest that I am sending you this wire.

H. L. Graham,
General Manager, Photo Products Department,
E. I. de Pont de Nemours & Co.

NEW YORK, N.Y., *April 2, 1964.*

COMMITTEE ON BANKING AND CURRENCY,
U.S. Senate,
Washington, D.C.
(Attention of Hon. A. Willis Robertson, chairman):

In re S. 2671, a bill to redefine the silver content of silver coins, we respectfully request your committee to delay any possible favorable action at least until such time as full hearings can be afforded with sufficient advance notice to permit interested persons adequate time in which to prepare and arrange for briefs and testimony providing information to assist the committee in its consideration of this measure. You may already have come to the conclusion that this bill involves many serious implications which require searching consideration and that no favorable action thereon should be taken pending such consideration.

This request is submitted in behalf of American manufacturers of silver sensitized photographic films, plates, and papers.

NATIONAL ASSOCIATION OF PHOTOGRAPHIC MANUFACTURERS, INC.,
By WILLIAM C. BABBITT, *Managing Director.*

BINGHAMTON, N.Y., *April 3, 1964.*

Hon. A. WILLIS ROBERTSON,
U.S. Senate,
Washington, D.C.:

As a major consumer of silver for use in the manufacture of photographic products, we are deeply concerned with any haste in scheduling public hearings on Senate bill S. 2671 which proposes to reduce the silver content of coinage.

As you probably know, during the period November 1961 to July 1963 the price of silver increased from $0.91375 to $1.29 per troy ounce. This 41-percent increase has resulted in several millions of dollars increased manufacturing costs to photographic products manufacturers. In most instances, we have been forced to absorb these costs with little or no relief by increasing the selling prices for our products. Competitive pressures in the photographic industry have precluded such action.

If the reports we read are correct, and the price of silver increases to $1.45 per ounce, it can be expected that this 12-percent price increase will have another significant effect on increasing the cost to manufacture photographic products.

In light of the above, we respectfully request your assistance in postponing any action on the proposed silver content coinage bill until we and/or representatives of our industry have an opportunity to thoroughly study the bill and express our opinions to you or at the public hearings.

Since the current law establishing the ratio between silver and copper in coinage has been in existence since 1837, it would appear appropriate to proceed with caution.

ROBERT M. VERBURG,
Vice President, Photo and Repro Division, General Aniline & Film Corp.

THE SPORT SHOP,
Norwich, N.Y., April 2, 1964.

Senator ROBERTSON,
Chairman, Senate Banking Committee,
Senate Office Building,
Washington, D.C.

DEAR SIR: As a small retailer, I am interested in the current coin shortage, and its relationship to vending machines.

It is my position that such machines are a menace to the small, individual businessman.

Here are three or four reasons why, in my opinion, these machines should be outlawed:

1. Removal of coins from free circulation.
2. Overall deleterious effect on small retailers.
3. Place cigarettes readily available to children.
4. Provide an area in which improper influences can flourish.

I think that the free access of vending machines, the concentration of circulating coins, the possibility of illegal control and the impact on individual retailers are reasons enough to impose control, through taxation, on these machines, at least.

Thank you,

PHILIP C. CLOSE.

HAL MATHER & SONS, INC.,
Woodstock, Ill., April 3, 1964.

Senator ROBERTSON,
Senate Office Building,
Washington, D.C.

DEAR SENATOR ROBERTSON: I have been following the ruckus over the silver content of our coinage. Since silver is becoming a scarce metal, the price will undoubtedly increase (as has the price of everything else in our economy).

I think the best solution is to work toward needing less of it in our coins. Would it be possible to make the dollar and half dollar out of stainless steel? Many coins have been made from stainless steel in other countries.

Vending machines using halves could be converted to using 2 quarters, and we would eliminate the hoarding of the new coins from the standpoint of melting value.

Sincerely yours,

ROBERT H. MATHER.

NATIONAL AUTOMATIC LAUNDRY & CLEANING COUNCIL,
Chicago, Ill., April 8, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Committee on Banking and Currency,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROBERTSON: Referring to the recent committee hearings on S. 2671, we respectfully request that this brief statement be included in the record.

If there should be further hearings on this bill, or on any other bills affecting the coinage of the United States in any way, we respectfully request that notice be sent to our association.

While S. 2671, if enacted into law, would not affect our industry, we recognize the possibility of many alternative suggestions being given consideration, and there are many such suggestions which would affect our industry most seriously.

Our association represents the self-service coin-operated laundry and drycleaning industry, with an estimated 35,000 coin laundry and drycleaning stores.

There are an estimated 700,000 washing units, 250,000 drying units, and 80,000 drycleaning units, and the industry is continuing to grow. Each of these more than 1 million units is equipped with a coin actuating device.

In addition, most of these stores are equipped with electrical coin-changing units, and an estimated 200,000 merchandise vending machines for the sale of soap, detergent, bleach, soft drinks, coffee, and so on.

Any change in the metallic content, weight, or dimensions of coins which would render any or all of these mechanisms inoperative could cost this industry millions of dollars and cause great confusion and loss of business during the period (probably several years) when coins of both old and new specifications are still in use.

Even more important than the serious problems that would confront this industry would be the effect on the general public, some 10 to 12 million of whom, have each week, come to rely on the convenience and economy of self-service laundry and drycleaning. The inconvenience that would follow for this substantial consumer segment of the population would surely be most objectionable.

We are confident that your committee will give most careful consideration to this situation, so far as our industry and many others similarly situated are concerned.

Respectfully submitted.

WARD A. GILL,
Executive Secretary.

CANONSBURG, PA., *April 8, 1964.*

Senator A. WILLIS ROBERTSON,
Chairman, Senate Banking Committee,
Washington, D.C.

DEAR SENATOR ROBERTSON: This is to express my opposition to any change in the monetary value of silver, because I believe it would weaken our paper dollar at a time when it needs defending. It is requested that this letter be included in the records of the present hearings.

Briefly, I believe that debasing the coinage would induce domestic hoarding of the present good coins, and increase gold hoarding abroad. Our silver dollars have already disappeared, following the trend of the "free" silver during 1961:

End of month	Millions remaining in the Treasury[1]	
	Ounces of free silver during 1961	Silver dollars during 1963 and 1964
January	121.1	90.4
February	112.9	88.4
March	105.2	83.3
April	95.3	79.2
May	85.5	69.7
June	79.7	65.8
July	76.4	58.7
August	64.9	50.3
September	57.9	46.8
October	43.7	43.1
November	26.6	37.1
December	28.5	28.6
January 1964		27.3
February		24.3
March		3.6

[1] From the daily statements of the Treasury for the last day of each month.

Likewise, the recent study of future coinage demand[1] indicates a higher loss rate of the coinage already in circulation than is reflected in the Circulation Statement of U.S. Money:

[Dollar amounts in millions]

	Calculated fraction of coins in circulation that are lost annually	Calculated value of coin in circulation on Jan. 1, 1963	Calculated rate of annual loss
Dimes	0.038	$360	$14
Quarters	.022	482	11
Halves	.028	275	8
Total		1,117	33
Same total, from Circulation Statement		1,756	

This calculated rate of loss is a significant part of the $104 million in silver coins minted during 1962, and the $639 million calculated discrepancy in coins in circulation may explain the present coin shortage.

[1] "Production Facilities for the U.S. Mint," by Arthur D. Little, Inc., contract No. EB-88. This report is summarized in the hearings by the Senate Committee on Banking and Currency on S. 874. The particular details referred to here are in A. D. Little's working memorandums Nos. 6 and 22.

U.S. coinage is one of the few that survived World War II without being debased, and as such is particularly vulnerable to hoarding:

	Current dollars per ounce of silver in the coinage from U.S. mint report	
	1934	1962
England	2.68	(1)
Germany	2.97	5.56
France	1.79	3.10
Switzerland	2.34	2.87
Italy	1.95	2.72
Canada	1.67	1.55
U.S. subsidiary coins	1.38	1.38
U.S. silver dollars	1.29	1.29
Mexico	1.29	1.56
India	1.38	(1)

[1] Zero silver content.

This debasement certainly led to coin hoarding in Mexico and India, for example. Handy and Harmon estimate in their annual review that the coins being hoarded in Mexico contain 65 to 70 million ounces of silver, while those being hoarded in India contain some 60 million ounces.

U.S. coinage is undervalued relative to gold, since, at the pre-1933 parity of one-sixteenth of the gold price, silver would cost $2.18 per ounce. Debasement, however, could drive the good coins to a premium over their bullion value and cause them to disappear rapidly, like our silver dollars. Gold coins, for example, do sell at a premium:

Percent premium over official gold content, Zurich, January 1964

Dutch 10 guilder	24
Mexican centenarios	22
British sovereigns	19
U.S. double eagles	25
Union latine	31
French napoleons	32
Swiss vrenelis	41
German 20 reichsmark	77

The modest premium on the U.S. double eagle results from there being $287 million in U.S. gold coinage outstanding in January 1934, after our gold coinage was supposedly "called in." There is no incentive for private individuals to destroy the premium value of their coins by melting them. Only governments do this when they remint wornout coins or debase their coinage. The real danger, I believe, is that individuals will hoard their coins.

Another danger in devaluing the paper dollar against silver is that it could increase the rate of gold hoarding, because of the expectation that the gold price would be raised next.

Foreigners naturally prefer gold at about 15 19/34 dollars per ounce, since their silver coinage is already debased. The trend is indicated below:

[In billions of dollars]

Year	U.S. Treasury gold stock, yearend	Worldwide private gold holdings [1]	New gold coming to market [2]	Gold added to free world monetary stock [2]
1955	21.8	11.4	1.0	0.7
1956	22.1	11.9	1.1	.5
1957	22.9	12.4	1.3	.7
1958	20.6	13.8	1.3	.7
1959	19.5	13.2	1.4	.7
1960	17.8	13.8	1.4	.3
1961	16.9	14.7	1.5	.6
1962	16.1	15.5	1.5	.5
1963	15.5	16.5	1.8	.8

[1] Estimates from Pick's Currency Yearbook. Some similar figures were published by Time magazine in the issue of Aug. 3, 1962.
[2] Annual reports of International Monetary Fund and Bank for International Settlements, and annual gold review of the First National City Bank, January 1964.

Our free silver and our silver dollars have already disappeared, both starting with a trickle and ending in a torrent. The same could happen to our subsidiary coins if only a small part of the money supply should seek safety in silver:

	Billions
Demand deposits	$122
Federal Reserve notes	32
Silver certificates	1
Total	155
Subsidiary silver coins	1.2–1.9

The most effective way to restore confidence in our paper money is to make it once again freely convertible into gold, by U.S. private citizens. The London gold market now caters almost exclusively to private demand, since the central banks buy and sell through the gold pool. It appears now that a free gold market is needed here at home to protect our coinage.

Respectfully,

W. B. RETALLICK.

AMERICAN BRIDGE, TUNNEL & TURNPIKE ASSOCIATION,
Washington, D.C., April 9, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
Senate Office Building,
Washington, D.C.

DEAR SENATOR ROBERTSON: We have been advised that S. 2671 has been introduced in the Senate of the United States, referred to your Committee on Banking and Currency and subsequently a brief hearing held. Our association, representing almost all of the major toll authorities and commissions in the United States, many of which operate automatic coin collection, classification and counting devices, are intensely interested in this proposal and how it would affect their operations and their present investment in equipment.

It would be greatly appreciated if your committee staff could advise me in advance of any further hearings to be scheduled on this particular legislation so that we may become fully aware of its nature and intent and, with the approval of the committee, to arrange for a representative of the association to present pertinent testimony in the event such testimony should become desirable.

Your assistance in this request will be greatly appreciated.

Respectfully yours,

W. A. RUSCH,
Executive Secretary-Treasurer.

AMERICAN GOVERNMENT CLASS,
HAVRE PUBLIC HIGH SCHOOL,
Havre, Mont., April 3, 1964.

Hon. Senator ROBERTSON,
U.S. Senate,
Washington, D.C.

DEAR SIR: We are writing this letter in the interest of keeping the silver dollar. Montana has grown up with the silver dollar, and it has always been part of our heritage. Montanans are proud of the tradition of using the silver dollar and wish to continue it.

Year after year many tourists are attracted to Montana. They bring with them paper money, but when they leave they take our silver dollars.

On our State flag we have the motto "Oro y Plata" which means gold and silver. Silver dollars are our way of life. The businesses find that by using the silver dollar, it is easier to handle and make change, and not so easily misplaced.

By issuing more silver dollars a dollar would not be a collector's item. Announcing that the silver dollar would not be minted has put a run on the dollar, and it is becoming gradually extinct. The people are now beginning to save these dollars, taking large amounts of money out of circulation.

The life of a silver dollar is much longer than that of the paper dollar although the cost of minting silver is higher. We still have in circulation silver dollars that are about a hundred years old while the life of a paper dollar is approximately 18 months.

We hope that you consider our case in deciding whether the silver dollar should or should not be minted. Thank you for your time.

Respectfully yours,

LESLIE MOORE,
Class Representative.

RESOLUTION OF DISTRICT NO. 3, DEPARTMENT OF NEVADA, VETERANS OF FOREIGN WARS OF THE UNITED STATES

Whereas District III of the Department of Nevada, Veterans of Foreign Wars of the United States is aware of the acute shortage of silver dollars in circulation in the United States; and

Whereas it is common knowledge that silver dollars are vital to the economy of the United States and particularly those States in the western part of the United States; and

Whereas the Congress of the United States is now contemplating the minting and issuing of more silver dollars; and

Whereas it is common knowledge that silver dollars cost more to mint than paper dollars but outlast and outwear paper dollars: Now, therefore, be it

Resolved, That District III of the Department of Nevada, Veterans of Foreign Wars of the United States does hereby recommend that all possible speed be made to mint the 150 million silver dollars requested by the Appropriations Committee of the House of Representatives in Washington, D.C.; and be it further

Resolved, That a copy of this resolution be forwarded to the department commander of the Department of Nevada, Veterans of Foreign Wars of the United States for distribution to the other department commanders of the Veterans of Foreign Wars of the United States seeking their support; and be it further

Resolved, That a copy of this resolution be mailed to every Senator and Member of the House of Representatives in Washington, D.C., asking their full cooperation and support; and be it further

Resolved, That a copy of this resolution be forwarded to Hon. Lyndon B. Johnson, President of the United States; and be it further

Resolved, That a copy of this resolution be forwarded to Miss Eva Adams, Director of the Mint of the United States.

Dated: March 8, 1964.

By order of District III Commander:

RICK FLECK.

Official:

GEORGE A. MEREDITH,
Adjutant, District 3.

SOUTHWESTERN MONTANA MINING ASSOCIATION,
Dillon, Mont., April 14, 1964.

Senator A. WILLIS ROBERTSON,
Chairman, Senate Banking and Currency Committee,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROBERTSON: We of this association deeply regret the recent decision to halt the future minting of silver dollars. We most certainly endorse the proposed legislation by Senators Metcalf and Mansfield in the form of S. 2671.

We furthermore are aware and deeply concerned about the limited supply of silver and the possibility of melting our present silver dollars in the event of further price increases.

Believing that the present price will not provide the required silver to balance supply with demand, we further endorse a reduction in the amount of silver in the dollar.

It is our feeling that conditions affecting such matters are subject to change and we view ourselves as having open minds. We will objectively read the press releases on this matter.

Respectively yours,

LEONARD B. LIVELY, *President.*

THE AMERICAN BANKERS ASSOCIATION,
White Sulphur Springs, W. Va., April 20, 1964.

Hon. A. WILLIS ROBERTSON,
Chairman, Senate Committee on Banking and Currency,
U.S. Senate,
Washington, D.C.

DEAR SENATOR ROBERTSON: The executive council of the American Bankers Association, the association's governing body between annual conventions, in a meeting held today at White Sulphur Springs, W. Va., approved the enclosed resolution of the association's Federal agency relations committee concerning the present acute shortage of coins to meet the needs of commerce.

This resolution includes an expression of the association's views on S. 2671, a bill to redefine the silver content of silver coins. It will be appreciated if you will include this resolution in the record of the hearings which have been held by the Senate Banking and Currency Committee on S. 2671.

We appreciate the opportunity afforded us to express our views on this legislation.

Yours sincerely,

WILLIAM F. KELLY, *President.*

Enclosure.

RESOLUTION OF THE FEDERAL AGENCY RELATIONS COMMITTEE ADOPTED BY THE EXECUTIVE COUNCIL OF THE AMERICAN BANKERS ASSOCIATION, APRIL 20, 1964

For several years the American Bankers Association has been deeply concerned over the inadequate supply of coins available to meet the needs of commerce. In spite of efforts by the Treasury Department to increase mint production, the shortage of coin has become increasingly acute during the past year. Moreover, the shortage is likely to exist until new mint facilities are brought into production.

A bill to redefine the silver content of silver coins (S. 2671) is now pending before the Senate Committee on Banking and Currency. This bill would increase the monetary value of silver to $1.45-plus per ounce, which would be the Treasury's new value for redemption of silver certificates. We are strongly opposed to this bill because it will not alleviate the present shortage of silver

dollars. If the monetary value were increased, it is quite likely that large additional amounts of silver dollars would be diverted from circulation by speculators. dealers, and coin collectors. Such a change could produce irreparable damage to our coinage system. With an increase in the price of silver for redemption of silver certificates by the Treasury, the demand for silver by industry would force up the market price of silver until a point is reached where subsidiary silver coins—half dollars, quarters, and dimes—would also be in jeopardy.

We urge the Congress to demonstrate by resolution its firm intention to maintain the monetary value of silver at its present price of $1.29-plus per ounce. This would discourage speculators and would cause a return flow of silver dollars to circulation.

We also recommend that the Treasury Department consider the following suggestions:

First, that no additional silver dollars be minted at this time. The use of silver dollars to meet the needs of commerce is confined to a few areas of the country. In most areas, however, paper currency meets the demands. It is also likely that the new silver dollars would immediately go into the hands of speculators. But more important, mint facilities should not be tied up in the production of silver dollars when they are vitally needed to produce other coins.

Second, that the year of coinage on silver coins not be changed each year. The date should be the same for all coins of each new design. Existing designs should be continued with the last date in use. This would be another effort to discourage speculators and collectors from taking large amounts of coin out of circulation each year.

Third, that private commercial facilities be used as much as possible to augment Government mint facilities until additional facilities are in operation.

Fourth, that the practice of minting coins for foreign governments be greatly reduced while a coin shortage exists in the United States. Commercial facilities are available for such coinage.

Finally, we would welcome and support any other actions by the Treasury Department which would increase the supply of coins and discourage coin speculators.

[Excerpts from annual report of the Director of the Mint, fiscal year ended June 30, 1963]

Annual Report of the Director of the Mint

* * * * * * *

DOMESTIC COINAGE

For the third consecutive fiscal year, the Philadelphia and Denver Mints surpassed all previous coinage records. The 1963 domestic production of silver half dollars, quarter dollars, and dimes; cupronickel 5-cent coins; and bronze 1-cent coins totaled 3,641,621,768 pieces with a face value of $161,698,512. Silver coins accounted for 19 percent of the total and minor coins, 81 percent. The weight of the finished coins was 14,216 short tons, consisting of the following metals: Silver, 2,870 tons; copper, 10,345 tons; nickel, 562 tons; and zinc and tin, 439 tons.

The 1-cent bronze alloy of 95 percent copper and 5 percent tin and zinc was changed to 95 percent copper and 5 percent zinc after September 5, 1962. Public Law 87–643, 87th Congress, which amended section 3515 of the Revised Statutes, authorized the elimination of tin from this alloy (31 U.S.C. 317). The law and other details concerning this change are published as exhibits 3 and 4, pages 127 and 128 in last year's report.

A summary of production from July 1, 1962, through June 30, 1963, is shown in the following table.

Production of U.S. coins, fiscal year 1963 [1]

Denomination	Number of pieces	Face value	Standard gross weight (short tons)	Distribution, based on pieces (percent)	Metallic composition
1-cent pieces	2,561,070,683	$25,610,706.83	8,780	70	95 percent copper, 5 percent zinc and tin.[2]
5-cent pieces	407,728,003	20,386,400.15	2,247	11	75 percent copper, 25 percent nickel.
Dimes	448,978,293	44,897,829.30	1,238	12	900 parts silver, 100 parts copper.
Quarter dollars	164,475,275	41,118,818.75	1,133	5	Do.
Half dollars	59,369,514	29,684,757.00	818	2	Do.
Total [3]	3,641,621,768	161,698,512.03	14,216	100	

[1] See table 1 in the addenda for production of each mint.
[2] Tin was eliminated from the bronze alloy after Sept. 5, 1962 (31 U.S.C. 317).
[3] Includes 3,009,583 sets of proof coins manufactured at the Philadelphia Mint.

ISSUE AND STOCK OF U.S. COINS

The accelerated demand for coins during the past several years continued unabated during fiscal 1963. The overall productivity of the mints, therefore, was increased as much as possible with available manufacturing facilities and funds, by adding daily shifts and extra working days. As soon as the coins were produced they were shipped to the 12 Federal Reserve banks and their 24 branches and the Treasury in Washington, D.C. Despite the greatest domestic coinage output in history, the mints not only were unable to build even a modest inventory of coins in their vaults, but could not supply sufficient quantities to meet the needs of commerce and industry. Acute coin shortages developed in many sections of the country making it necessary for the Federal Reserve banks to ration all denominations to the commercial banks. In turn, the commercial banks appealed to operators of vending machines, parking meters, and other large users of coins to make more frequent collections and deposits in order to relieve the national shortage. In addition, frequent appeals were made by newspaper, radio, television, and other media to the general public to keep their coins in active circulation.

A percentage distribution for fiscal year 1963, given below, indicates that the public again had greatest need for the three smallest denominations.

Denomination:	*Percent issued*
1-cent pieces	69
5-cent pieces	11
Dimes	12
Quarter dollars	5
Half dollars	2
Silver dollars	1
Total	100

Approximately 12 percent more coins were issued in fiscal 1963 than in the previous year. A comparison of each denomination issued for the 2 years is shown in the following statement.

Mint issue of U.S. coins, fiscal years 1962 and 1963

[Includes proof coins]

Denomination	Fiscal year		Increase in 1963
	1962	1963	
1-cent pieces	2, 509, 640, 149	2, 561, 070, 882	51, 430, 733
5-cent pieces	306, 011, 209	407, 728, 202	101, 716, 993
Dimes	305, 904, 999	448, 978, 492	143, 073, 493
Quarter dollars	123, 721, 377	164, 475, 474	40, 754, 097
Half dollars	31, 594, 891	59, 369, 713	27, 774, 822
Silver dollars	28, 855, 929	46, 790, 737	17, 934, 808
Total issue	3, 305, 728, 554	3, 688, 413, 500	382, 684, 946

Statements setting forth the legal authority and designs of U.S. coins issued by the mints during the fiscal year 1963 follow:

Denomination	Legal authority for U.S. coins issued in fiscal year 1963		
	Authorizing act and legal authority	Standard weight	Composition
Standard silver dollar.	Feb. 26, 1878 (20 Stat. 25)	26.73 grams or 412.5 grains	900/1000 silver, 100/1000 copper.
Half dollar	Feb. 12, 1873: Rev. Stat. 3513	12.5 grams or 192.9 grains	Do.
Quarter dollar	do	6.25 grams or 96.45 grains	Do.
Dime	do	2.5 grams or 38.58 grains	Do.
5-cent piece	Feb. 12, 1873: Rev. Stat. 3515	5 grams or 77.16 grains	75 percent copper, 25 percent nickel.
1-cent piece	do	3.11 grams or 48 grains	95 percent copper, 5 percent zinc and tin.[1]

Denomination	Designs of U.S. coins issued in fiscal year 1963 [2]			
	Obverse	Reverse	First coined	First issued
Standard silver dollar.	Female head emblematic of Liberty.	Eagle on mountain top. Word "Peace."	December 1921	December 1921.
Half dollar	Benjamin Franklin	Liberty Bell	April 1948	April 1948.
Quarter dollar [3]	George Washington	Eagle	April 1932	August 1932.
Dime	Franklin D. Roosevelt	Torch of Liberty	January 1946	January 1946.
5-cent piece	Thomas Jefferson	Monticello	October 1938	November 1938.
1-cent piece	Abraham Lincoln [4]	Lincoln Memorial [4]	January 1959	January 1959.

[1] Tin was eliminated from the bronze alloy after Sept. 5, 1962 (31 U.S.C. 317).
[2] The design of a U.S. coin may not be changed more frequently than once in 25 years except by a special act of Congress.
[3] Change in design prior to 25 years authorized by the act of Mar. 4, 1931, in honor of the 200th anniversary of the birth of George Washington.
[4] The Abraham Lincoln 1-cent piece with wheat wreath design on the reverse was coined from June 1909 through December 1958.

Estimates of the total face value of coins in the United States, made monthly by the Office of the Director of the Mint, are listed for the fiscal year 1963, as follows:

End of month	Stock of coins in the United States[1]			
	Silver dollars	Subsidiary silver coins	Minor coins	Total
1962:				
July	$487,196,400	$1,712,668,400	$641,911,400	$2,841,776,200
August	487,120,400	1,726,258,700	645,744,600	2,859,223,700
September	487,120,400	1,738,248,700	648,987,600	2,874,356,700
October	487,120,400	1,748,374,600	652,493,400	2,887,988,400
November	487,093,400	1,753,030,600	657,602,900	2,897,726,900
December	486,534,400	1,759,400,800	662,952,700	2,908,887,900
1963:				
January	486,471,400	1,772,141,800	665,438,900	2,924,052,100
February	486,391,200	1,786,152,500	667,984,400	2,940,528,100
March	486,380,700	1,787,009,500	672,729,900	2,946,120,100
April	486,104,100	1,801,565,000	675,670,100	2,963,339,200
May	486,017,400	1,819,020,100	677,975,100	2,983,012,600
June	486,017,400	1,824,877,900	681,787,300	2,992,682,600

[1] Factors include coins manufactured; uncurrent coins withdrawn from circulation, returned to the mints, and melted; certain exports and imports; general disappearance; etc. Includes coins held in the Treasury as well as those outside the Treasury (in banks and in circulation).

* * * * * * *

Volume of operations, Bureau of the Mint

Selected items	Fiscal year	
	1962	1963
Coins manufactured, pieces:		
Domestic regular issue	3,460,524,142	3,626,573,853
Domestic proof coins	15,759,025	15,047,915
Foreign coins	214,220,000	295,000,000
Total	2,690,483,167	3,936,621,768
Coins issued, pieces:		
Shipped for general circulation	3,502,011,168	3,673,364,590
Proof coins sold	15,759,270	15,048,910
Total	3,517,770,438	3,688,413,500
Domestic coinage dies used	17,596	17,588
Foreign coinage dies used	898	1,100
Uncurrent U.S. coins received from circulation, pieces	22,137,227	18,811,958
Total assay determinations made	156,748	162,471
Medals and distinguishing devices issued	102,993	155,431
Visitors touring the Philadelphia and Denver Mints	85,876	128,264
Metal operated upon by the melting and refining divisions, ounces:[1]		
Gold	7,306,000	8,352,500
Silver, domestic and foreign coinage, etc	133,667,000	160,848,000
Cupronickel alloy, domestic and foreign coinage	102,536,800	110,247,400
Bronze alloy, domestic and foreign coinage	422,395,800	455,745,700
German silver alloy, foreign coinage	17,433,200	12,841,000
Brass alloy, foreign coinage	11,378,600	----------
Gold bars manufactured, fine ounces	4,639,780	4,958,000
Silver bars manufactured, fine ounces	3,731,600	2,634,800
Monetary assets of the Bureau of the Mint on June 30	$18,386,634,125	$17,430,320,572

[1] Gold and silver, fine ounces: all other, gross ounces.

* * * * * * *

U.S. production of silver, calendar year 1962

[Based upon arrivals at the U.S. Mint and at private refineries]

State in which mined	Silver		State in which mined	Silver	
	Fine troy ounces	Value at $1.08630 per fine ounce [1]		Fine troy ounces	Value at $1.08630 per fine ounce [1]
Alabama	(2)	(2)	New York	40,000	$43,452
Alaska	23,000	$24,985	North Carolina	107,100	116,343
Arizona	5,300,000	5,757,390	Oregon	5,000	5,432
California	135,000	146,650	Pennsylvania	6,280	6,822
Colorado	2,210,600	2,401,375	South Dakota	127,200	138,177
Idaho	17,000,000	18,467,100	Tennessee	115,600	125,576
Illinois	35,000	38,021	Texas	10	11
Kentucky	1,800	1,955	Utah	4,700,000	5,105,610
Michigan	448,410	487,108	Washington	334,100	362,933
Missouri	693,000	752,806	Wisconsin	1,500	1,629
Montana	4,479,000	4,865,538			
Nevada	300,000	325,890	Total	36,345,000	39,481,574
New Mexico	282,400	306,771			

[1] The equivalent of the annual average in New York of $1.08521 for refined bar silver 999/1,000 fine.
[2] Less then 10 fine ounces.

Production of silver in the United States since 1792 [1]

Period [2] or calendar year	Silver (fine ounces)	Period [2] or calendar year	Silver (fine ounces)
1792–1873	146,528,100	1957	38,720,200
1874–1900	1,192,349,100	1958	36,800,000
1901–25	1,534,714,665	1959	23,000,000
1926–51	1,233,502,165	1960	36,800,000
1952	39,840,300	1961	34,900,000
1953	37,735,500	1962	36,345,000
1954	35,584,800		
1955	36,469,610	Grand total	4,502,028,840
1956	38,739,400		

[1] The estimate for 1792–1873 is by Rossiter W. Raymond, Commissioner of Mining Statistics, and by the Director of the Mint thereafter. Includes U.S. territories and possessions when such areas were under jurisdiction of the United States.
[2] For annual data for the period 1792–1951, see pp. 16 and 18 of the Annual Report of the Director of the Mint for fiscal year ended June 30, 1952.

Silver issued for use in industry and the arts in the United States, calendar year 1962

Item	Silver (fine troy ounces)
Government-stamped bars issued by the U.S. mint:	
(a) Sold	900,989
(b) Exchanged for deposits of scrap from domestic sources	2,094,498
Total mint issues	2,995,487
Bullion in various forms issued by private refiners and dealers [1]	177,816,501
Total issues	180,811,988
Deduct:	
Returns of secondary materials (scrap) from domestic sources:	
(a) Received by the U.S. mint	2,223,706
(b) Received by private refiners and dealers	68,188,282
Total returns	70,411,988
Net amount of material issued [2]	110,400,000

[1] Excludes Government-stamped bars issued to private refiners and dealers.
[2] Represents the equivalent of domestic industrial consumption.

Consumption of silver in industry and the arts in the United States, 1952–62 [1]

Calendar year	Silver (fine ounces)	Calendar year	Silver (fine ounces)
1952	96,500,000	1959	101,000,000
1953	106,000,000	1960	102,000,000
1954	86,000,000	1961	105,500,000
1955	101,400,000	1962	110,400,000
1956	100,000,000		
1957	95,400,000	Total	1,089,700,000
1958	85,500,000		

[1] Represents net issues resulting from total issues of the U.S. Government and private refiners and dealers from which are deducted the quantity of secondary (old) material returned through the same channels from manufacture and the arts. For annual data for the period 1880–1951, see the annual reports of the Director of the Mint for fiscal year ended June 30, 1944 (pp. 38–39) and June 30, 1957 (p. 48).

U.S. coins manufactured, calendar year 1962

Denomination	Number of pieces [1]				
	Philadelphia Mint			Denver Mint	Total coinage
	Regular issue	Proof coins	Total	Regular issue	
Half dollars	9,714,000	3,218,019	12,932,019	35,473,281	48,405,300
Quarter dollars	36,156,000	3,218,019	39,374,019	127,554,756	166,928,775
Dimes	72,450,000	3,218,019	75,668,019	334,948,380	410,616,399
5-cent pieces	97,384,000	3,218,019	100,602,019	280,195,720	380,797,739
1-cent pieces	606,045,000	3,218,019	609,263,019	1,793,148,400	2,402,411,419
Total	821,749,000	16,090,095	837,839,095	2,571,320,537	3,409,159,632
	Face value				
Half dollars	$4,857,000.00	$1,609,009.50	$6,466,009.50	$17,736,640.50	$24,202,650.00
Quarter dollars	9,039,000.00	804,504.75	9,843,504.75	31,888,689.00	41,732,193.75
Dimes	7,245,000.00	321,801.90	7,566,801.90	33,494,838.00	41,061,639.90
5-cent pieces	4,869,200.00	160,900.95	5,030,100.95	14,009,786.00	19,039,886.95
1-cent pieces	6,060,450.00	32,180.19	6,092,630.19	17,931,484.00	24,024,114.19
Total	32,070,650.00	2,928,397.29	34,999,047.29	115,061,437.50	150,060,484.79

Denomination	Metallic content, short tons				
	Silver	Copper	Nickel	Zinc and tin [2]	Total tons
Half dollars	600	67			667
Quarter dollars	1,035	115			1,150
Dimes	1,018	113			1,131
5-cent pieces		1,574	525		2,099
1-cent pieces		7,824		412	8,236
Total	[3] 2,653	9,693	525	412	13,283

[1] All coins manufactured in calendar year 1962 were dated 1962.
[2] Tin was eliminated from the bronze alloy after Sept. 5, 1962 (31 U.S.C. 317).
[3] Represents 77,368,384.22 fine troy ounces of silver.

Foreign coins manufactured by the U.S. Mint, calendar year 1962 [1]

Country and denomination	Number of coins manufactured	Composition	Gross weight per coin (grains)	Total gross weight (short tons)
Ethiopia:				
10 cents	20,000,000	95 copper, 5 zinc	94	134
5 cents	5,000,000	do	62	22
Total	25,000,000			156
Korea:				
50 hwan	20,000,000	70 copper, 18 zinc, 12 nickel [2]	57	81
10 hwan	75,000,000	95 copper, 5 zinc	38	204
Total	95,000,000			285
Philippines:				
25 centavos	40,000,000	70 copper, 18 zinc, 12 nickel [2]	78.87	225
10 centavos	50,000,000	do	31.548	113
5 centavos	40,000,000	80 copper, 20 zinc	74.9	214
1 centavo	6,485,000	95 copper, 5 zinc	48	22
Total	136,485,000			574
Grand total	256,485,000			1,015

[1] Manufactured at the Philadelphia Mint.
[2] Also termed German silver.

Stock of U.S. coins on specified dates [1]

End of month	Standard silver dollars	Subsidiary silver coins (50-cent, 25-cent, and 10-cent)	Minor coins (5-cent and 1-cent)	Total
June 1957	$488,435,800	$1,382,455,600	$484,631,000	$2,355,522,400
December 1957	488,375,900	1,410,743,900	498,426,400	2,397,546,200
June 1958	488,246,700	1,448,812,500	509,789,100	2,446,848,300
December 1958	488,132,100	1,461,113,200	517,971,100	2,467,216,400
June 1959	488,046,100	1,496,953,100	526,922,200	2,511,921,400
December 1959	487,835,700	1,516,543,600	546,049,700	2,550,429,000
June 1960	487,773,300	1,552,105,600	559,148,200	2,599,027,100
December 1960	487,668,100	1,578,617,500	580,046,600	2,646,332,200
June 1961	487,589,300	1,608,670,200	594,059,800	2,690,319,300
December 1961	487,439,800	1,654,132,300	620,175,700	2,761,747,800
June 1962	487,355,300	1,710,760,400	636,034,000	2,834,149,700
December 1962	486,534,400	1,759,400,800	662,952,700	2,908,887,900
June 1963	486,017,400	1,824,877,900	681,787,300	2,992,682,600

[1] Estimates of the Bureau of the Mint, reflecting coins manufactured; uncurrent coins withdrawn from circulation, returned to the mints, and melted; certain exports and imports; general disappearance; etc. Includes coins held in the Treasury as well as those outside the Treasury (in banks and in circulation). Further denomination breakdown and breakdown according to number of pieces are not available.

U.S. coinage by mint, class, denomination, and number of pieces, from organization through Dec. 31, 1962, including regular issues, proof, and commemorative coins

Class and denomination	Philadelphia, 1793–1962	Denver, 1906–62	San Francisco, 1854–March 1955	New Orleans, 1838–61, 1879–1909	Carson City, 1870–93	Charlotte, 1838–61	Dahlonega, 1838–61	Total, 1793–1962
Gold:								
50 dollars			3, 019					3, 019
Double eagles	71, 180, 127	13, 108, 000	88, 134, 526	818, 775	864, 178			174, 105, 606
Eagles	34, 554, 932	5, 909, 280	14, 558, 406	2, 361, 089	299, 778			57, 683, 485
Half eagles	41, 969, 621	5, 292, 660	28, 028, 008	923, 725	709, 617	881, 027	1, 017, 211	78, 911, 869
3 dollars	452, 572		62, 100	24, 000			1, 120	539, 792
Quarter eagles	16, 965, 555	1, 081, 680	754, 519	1, 209, 263		217, 966	197, 850	20, 426, 833
Dollars	18, 573, 821		115, 266	1, 004, 000		109, 138	72, 529	19, 874, 754
Total gold	183, 696, 628	25, 391, 620	131, 655, 844	6, 340, 852	1, 873, 573	1, 208, 131	1, 378, 710	351, 545, 358
Silver:								
Dollars	423, 758, 122	47, 406, 100	183, 504. 073	187, 111, 529	13, 881, 329			855, 661, 153
Trade dollars	5, 107, 524		26, 647, 000		4, 211, 400			35, 965, 924
Half dollars	645, 127, 864	331, 839, 380	211, 637, 554	80, 234, 676	5, 308, 627			1, 274, 148, 101
Quarter dollars	1, 658, 367, 297	956, 424, 500	282, 500, 664	60, 343, 000	10, 316, 792			2, 967, 952, 253
20 cents	56, 710		1, 155, 000		143, 290			1, 355, 000
Dimes	3. 839, 004, 565	2, 467, 035, 450	821, 404, 689	68, 079, 906	20, 901, 108			7, 216, 425, 718
Half dimes	78, 975, 838		2, 382, 000	16, 246, 550				97, 604, 388
3 cents	42, 016, 240			720, 000				42, 736, 240
Total silver	6, 692, 414, 160	3, 802, 705, 430	1, 529, 230, 980	412, 735, 661	54, 762, 546			12, 491, 848, 777
Minor:								
5 cents	3, 746, 043, 092	2, 092, 866, 650	566, 301, 900					6, 405, 211, 642
3 cents	31, 378, 316							31, 378, 316
2 cents	45, 601, 000							45, 601, 000
1 cent	18, 606, 303, 872	15, 437, 585, 500	2, 757, 165, 004					36. 801, 054, 376
Half cent	7, 981, 822							7, 981, 822
Total minor	22, 437, 308, 102	17, 530, 452, 150	3, 323, 466, 904					43, 291, 227, 156
Total coinage	29, 313, 418, 890	21, 358, 549, 200	4, 984, 353, 728	419, 076, 513	56, 636, 119	1, 208, 131	1, 378, 710	56, 134, 621, 291

U.S. coinage by mint, class, denomination, and face value, from organization through Dec. 31, 1962, including regular issues, proof, and commemorative coins

Class and denomination	Philadelphia	Denver	San Francisco	New Orleans	Carson City	Charlotte	Dahlonega	Total
Gold:								
50 dollars	...	...	$150,950.00	...	...	...	...	$150,950.00
Double eagles	$1,423,602,540.00	$262,160,000.00	1,762,690,520.00	$16,375,500.00	$17,283,560.00	...	...	3,482,112,120.00
Eagles	345,549,320.00	59,092,800.00	145,584,060.00	23,610,890.00	2,997,780.00	...	...	576,834,850.00
Half eagles	209,848,105.00	26,463,300.00	140,140,040.00	4,618,625.00	3,548,085.00	$4,405,135.00	$5,536,055.00	394,559,345.00
3 dollars	1,357,716.00	...	186,300.00	72,000.00	...	...	3,360.00	1,619,376.00
Quarter eagles	42,413,887.50	2,704,200.00	1,886,297.50	3,023,157.50	...	544,915.00	494,625.00	51,067,082.50
Dollars	18,573,821.00	...	115,266.00	1,004,000.00	...	109,138.00	72,529.00	19,874,754.00
Total gold	2,041,345,389.50	350,420,300.00	2,050,753,433.50	48,704,172.50	23,829,425.00	5,059,188.00	6,106,569.00	4,526,218,477.50
Silver:								
Dollars	423,758,122.00	47,406,100.00	183,504,073.00	187,111,529.00	13,881,329.00	...	...	855,661,153.00
Trade dollars	5,107,524.00	...	26,647,000.00	...	4,211,400.00	...	...	35,965,924.00
Half dollars	322,563,932.00	165,919,690.00	105,818,777.00	40,117,338.00	2,654,313.50	...	...	637,074,050.50
Quarter dollars	414,591,824.25	239,106,125.00	70,625,166.00	15,085,750.00	2,579,198.00	...	...	741,988,063.25
20 cents	11,342.00	...	231,000.00	...	28,658.00	...	...	271,000.00
Dimes	383,900,456.50	246,703,545.00	82,140,468.90	6,807,990.60	2,090,110.80	...	...	721,642,571.80
Half dimes	3,948,791.90	...	119,100.00	812,327.50	...	...	...	4,880,219.40
3 cents	1,260,487.20	...	...	21,600.00	...	...	...	1,282,087.20
Total silver	1,555,142,479.85	699,135,460.00	469,085,584.90	249,956,535.10	25,445,009.30	...	...	2,998,765,069.15
Minor:								
5 cents	187,302,154.60	104,643,332.50	28,315,095.00	...	...	...	...	320,260,582.10
3 cents	941,349.48	...	...	...	...	...	...	941,349.48
2 cents	912,020.00	...	...	...	...	...	...	912,020.00
1 cent	186,063,038.72	154,375,855.00	27,571,650.04	...	...	...	...	368,010,543.76
Half cent	39,909.11	...	...	...	...	...	...	39,909.11
Total minor	375,258,471.91	259,019,187.50	55,886,745.04	...	...	...	...	690,164,404.45
Total coinage	3,971,746,341.26	1,308,574,947.50	2,575,725,763.44	298,660,707.60	49,274,434.30	5,049,188.00	6,106,569.00	8,215,147,951.10

Consumption of metals in 1962 coinage of nations

[Calculations based on data in individual country tables. In short tons; 1 short ton contains 907,184.86 grams]

Country	Total gross weight	Gold	Silver	Nickel	Copper	Zinc	Tin	Aluminum	Magnesium	Iron	Steel	Other
United States of America	13,283.3		2,653.7	524.7	9,693.1	[1] 411.8						
Africa, East	39.3			4.3	34.3	.6	0.1					
Africa, Equatorial	144.4			13.2	123.0			8.2				
Africa, West	2.9							2.7	0.2			
Argentina	718.1			71.8							646.3	
Australia	804.2		188.5	18.9	565.2	29.5	2.1					
Austria	234.0		58.9		106.4	25.6		42.6	.5			
Belgium	264.4			48.8	176.9	37.7	1.0					
Brazil	157.5							156.7				[2] 0.8
British Honduras	2.8			.2	2.4	.2	(3)					
Burma	94.9			23.7	71.2							
Cambodia	18.1							17.2	.9			
Canada	1,456.2		330.5	231.5	878.0	12.2	4.0					
Caribbean territories, eastern group	37.6			1.8	33.7	2.0	.1					
Ceylon	47.2			.3	41.5	5.3	.1					
China, Republic of (Taiwan)	215.3			38.8	118.4	58.1						
Colombia	147.8			24.5	122.6	.7						
Denmark	555.2			100.0	300.2	155.0						
Dominican Republic	4.7			.8	3.9	(3)	(3)					
Egypt, United Arab Republic	205.0		30.7		161.3			13.0				
Ethiopia	156.4				148.6	7.8						
Fiji	6.2			1.5	4.7							
Finland	730.4			6.0	648.3	9.5	1.9	15.1		[4] 49.6		
France	2,085.3		469.4	104.7	643.4			35.9			[5] 831.9	
Germany, Federal Republic of	2,317.8			109.6	867.5	16.8	17.1			1,306.8		
Guatemala	26.1		18.8		7.3							
Guinea	132.3			33.1	99.2							
Hong Kong	73.2			5.4	57.1	10.7						
Iceland	20.7			2.7	15.9	2.1						
India	4,594.3			1,371.6	3,101.0	119.8	1.9					
Iran (year ended Mar. 20, 1962)	111.7	6.4		26.2	78.4							[6] .7
Ireland, Republic of	200.6			47.0	153.2	.3	.1					
Israel	100.6	[7] .1	[7] .4	1.9	81.9			15.8	.5			
Italy	465.7		118.2		23.4						[5] 324.1	
Jamaica	20.6			.2	16.3	4.1						
Japan	2,841.2			277.2	1,679.7	232.7	21.1	630.5				
Jordan	33.4			3.5	29.3	.5	.1					
Korea, Republic of	285.0			9.8	250.4	24.8						
Kuwait	27.6			3.8	21.2	2.6						
Lebanon	49.1			6.8	40.3			2.0				
Libya	33.3			3.1	29.6	.5	.1					

See footnotes at end of tables.

Consumption of metals in 1962 coinage of nations—Continued

[Calculations based on data in individual country tables. In short tons; 1 short ton contains 907,184.86 grams]

Country	Total gross weight	Gold	Silver	Nickel	Copper	Zinc	Tin	Aluminum	Magnesium	Iron	Steel	Other
Lichtenstein	0.3	[7] 0.3			(3)							
Luxembourg	23.0		[7] 0.8	5.5	16.7							
Malaysia	166.3			30.4	134.6	1.1	0.2					
Mauritius	3.2				3.1	.1	(3)					
Mexico	1,296.5		107.8	107.8	940.3	140.6						
Muscat	2.4	(3)	1.2	.1	1.0	.1						(3)
Nepal	39.4	(3)		.6	32.4	6.4						(3)
Netherlands	355.5		59.5	89.3	197.5	1.8	7.4					
Netherlands Antilles (Curacao)	2.8		1.0	.3	1.5							
New Zealand	127.9			11.9	113.6	2.0	.4					
Nicaragua	27.6			6.9	20.7							
Nigeria	635.7			117.2	513.5	4.2	.8					
Norway	228.8			26.6	196.1	1.2	4.9					
Pakistan	560.9			51.1	470.4	38.2	1.2					
Panama, Republic of	72.2		45.9	3.6	22.5	.2	(3)					
Peru	208.9	[8] .6			143.8	64.5						
Philippines	574.2			40.6	428.9	104.7						
Portugal	98.7			10.9	74.3	12.7	.8					
Portuguese East Africa, Mozambique	5.3				5.0	.2	.1					
Portuguese West Africa, Angola	34.1				32.4	1.0	.7					
Portuguese West Africa, San Tome and Principe	6.2		.2	.2	5.5	.2	.1					
Reunion	7.5			6.6	.8			0.1				
Rhodesia and Nyasaland	57.8			3.7	52.8	1.1	.2					
South Africa, Republic of	423.2	8.2	36.9		293.0	83.4	1.7					
Spain	746.9			120.6	591.8			34.2	0.3			
Sudan	20.7			.1	19.6	.2	.8					
Surinam	9.5		.4	.8	7.7	.4	.2					
Sweden	389.3		32.2	10.3	328.6	6.9	11.3					
Switzerland	354.7		88.7	62.1	203.9							
Thailand	176.8				126.5		38.2	12.1				
Turkey	235.8				84.8	2.1	3.4				[5] 145.5	
United Kingdom	3,655.1		(3)	412.0	3,122.2	112.5	8.4					
Uruguay	264.3		[7] 37.2	6.9	179.5	40.7						
Vatican City	24.9		.9		.7			.5	(3)		[5] 22.8	(9)
Vietnam	108.0			27.0	81.0							
Total (76 countries)	43,688.8	15.6	4,281.8	4,270.5	28,875.5	1,797.4	130.5	986.6	2.4	1,356.4	1,970.6	1.5

[1] Includes less than 1 percent tin for 1-cent coins manufactured before September 1962.
[2] Represents unspecified metals, 0.5 percent of the total weight.
[3] Less than 0.1 ton.
[4] Iron with nickel plating.
[5] Stainless steel.
[6] Represents copper or silver used in the manufacture of Iranian gold coins.
[7] Commemorative issue.
[8] Coined for private account.
[9] Less than 0.1 ton of titanium and less than 0.1 ton of manganese.

Summary—Consumption of metals in the 1955–62 coinage of nations

Metal	Gross weight (short tons)							
	1955	1956	1957	1958	1959	1960	1961 [1]	1962
Gold	1.6	0.4	18.1	86.0	67.9	10.0	8.4	15.6
Silver	1,821.1	1,945.1	2,891.5	2,723.0	2,940.2	3,582.2	4,067.3	4,281.8
Nickel	2,303.2	2,384.6	2,693.9	2,701.5	3,735.1	5,260.6	4,541.4	4,270.5
Copper	11,620.9	15,202.1	17,610.0	17,970.8	20,229.9	21,908.9	26,503.7	28,875.5
Zinc	533.1	773.6	780.5	928.8	1,048.3	1,244.1	1,731.3	1,797.4
Tin	76.8	212.0	167.1	221.6	219.4	75.6	69.0	130.5
Aluminum	1,712.1	1,421.4	2,033.4	1,747.7	1,406.7	1,341.0	1,401.1	986.6
Magnesium	32.4	8.2	14.2	17.6	11.5	11.6	8.9	2.4

Metal	Gross weight (short tons)							
	1955	1956	1957	1958	1959	1960	1961 [1]	1962
Manganese	4.7	2.5	0.1	0.5	0.2	0.2	(2)	(2)
Steel	1,635.2	2,046.5	2,171.8	1,626.9	2,409.4	1,773.5	971.1	1,970.6
Iron	939.2	938.6	1,213.3	963.3	1,194.7	811.8	941.6	1,356.4
Titanium			.9	1.3	.1	(2)	(2)	(2)
Other [3]	7.6		1.0	1.6	14.0	6.9	7.9	1.5
Total	20,687.9	24,935.0	29,595.8	28,990.6	33,277.4	36,026.4	40,251.7	43,688.8

[1] Revised.
[2] Less than 0.1 ton.
[3] Not available.

Gold and silver monetary stocks of principal countries of the world at end of calendar year 1962

Country or international institution	Monetary unit	Exchange rate, New York December 1962 average, or internal rate as noted	Par value, December 1962 for members of the International Monetary Fund	Gold bullion and coin held by Government agencies: Number of fine troy ounces (thousands)	Gold bullion and coin held by Government agencies: U.S. dollar value [1] (thousands)	Silver bullion and coin, U.S. dollar value: Bullion held by Government agencies [2] (thousands)	Silver bullion and coin, U.S. dollar value: Coin held by Government agencies [3] (thousands)	Silver bullion and coin, U.S. dollar value: Coin (estimated) in circulation, including coin in commercial banks [3] (thousands)	Silver bullion and coin, U.S. dollar value: Total silver (thousands)
United States of America	Dollar	$1.00	$1.00	[4] 458,778	[4] $16,057,224	[5] $2,168,853	[6] $97,391	[7] $2,148,544	$4,414,788
Africa, east (June 30)[8]	Shilling	[9] .14	.14					5,137	5,137
Algeria	Franc (new)	[9] .204043		162	5,682				
Argentina	Peso	.007057	[10]	1,732	60,608				
Australia	Pound	2.2337	2.24	5,402	189,057	3,871	2,421	[11] 101,556	107,848
Austria	Schilling	.038694	.0348615	12,962	453,659	667	2,293	50,604	53,564
Belgium	Franc	.020098	.02	38,999	1,364,950	359	3,698	35,019	39,076
Bolivia	Boliviano [12]	[9] .00008414	[10]	[13] 85	[13] 2,958		73		73
Brazil	Cruzeiro	[9] .00210526	[10]	7,870	275,449				
Burma	Kyat	[9] .209205	.21	[14] 1,200	[14] 42,000				
Canada	Dollar	.92924	[15] .925	[14] 20,243	[14] 708,500	18,926	144	151,256	170,326
Ceylon	Rupee	.21013	.21				51	205	256
Chile	Escudo	[9] .607903	[10]	1,223	42,822				
China, Republic of (Taiwan)	NT dollar	[9] .024981	[16]			2,152			2,152
Colombia	Peso	[9] .11111	[10]	1,636	57,271	95	[17]	398	493
Costa Rica	Colon	[9] .15106	.15093	60	2,108				
Denmark	Krone	.14498	.144778	[13] 886	[13] 31,026				
Dominican Republic (January)	Peso	[9] 1.00	1.00	86	3,001		437	2,778	3,215
Ecuador	Sucre	[9] .0055006	.0555556	544	19,056	22	653	197	872
Egypt, United Arab Republic	Pound	[9] 2.30	2.87156	4,968	173,880	[18]	[18]	[18]	[18]
El Salvador	Colon	[9] .40	.40	509	17,819		731	2,266	2,997
Ethiopia	Dollar	[9] .40258	.4025	[19] 229	[19] 8,000		2,282	8,856	11,138
Finland	Markka [20]	.003106	[20]	1,739	60,860	[18]	1,245	4,529	5,774
France	New franc [21]	.20404	.20255	73,914	2,587,000	[18]	[18]	[18]	[18]
Germany, Federal Republic	Deutsche mark	.25031	.25	105,117	3,679,099	923	2,265	124,750	127,938
Ghana	Pound	[9] 2.80	2.80	160	5,596				
Greece	Drachma	[9] .0333333	.0333333	2,209	77,302		[18]	[18]	[18]
Guatemala	Quetzal	[9] 1.00	1.00	673	23,538	938	766	4,917	6,621
Haiti	Gourde	[9] .20	.20	21	736				
Honduras	Lempira	[9] .50	.50	3	109		1,002	1,681	2,683
Iceland	Krona	[9] .0232234	.0232558	29	1,015				

India	Rupee	.20989	.21	7,066	247,297	(18)	(18)	(18)	(18)
Indonesia	Rupiah	[9] .022222	(16)	[14] 1,257	[14] 44,000	(18)			
Iran (Mar. 21)	Rial	[9] .0132013	[9] .0132013	3,693	129,243	728	206	(18)	934
Iraq	Dinar	2.80	2.80	2,794	97,788		742	1,157	1,899
Ireland	Pound	2.8033	2.80	511	17,886			2,726	2,726
Israel	Pound	[9] .333333	[15] .333333	1,171	40,981		(18)	(18)	(18)
Italy	Lira	.0016105	.00160	64,097	2,243,395	6,598	7,537	70,733	84,868
Japan	Yen	.0027897	.00277778	8,250	288,759	25,277	2,856	73,865	101,998
Korea	Won [23]	[9] .0076923	(16)	53	1,847	32			32
Lebanon	Pound	[9] .3268	.456313	4,914	172,000				
Liberia	Dollar	[9] 1.00	(16)	1,521	53,241		(24)	(24)	(24)
Libya	Pound	[9] 2.80	2.80	80	2,787				
Malaysia	Dollar	.32790	[15] .326667	80	2,787		53	7,136	7,189
Mexico	Peso	.080056	.08	2,711	94,882	18,402	5,961	67,720	92,083
Morocco	Dirham	[9] .197628	.197609	821	28,726			6,100	6,100
Mozambique (Portuguese East Africa)	Escudo	[9] .035		781	27,325	(18)	2,272	4,859	7,131
Nepal	Rupee	[9] .131569	(16)	53	1,842	5,288			5,288
Netherlands	Guilder	.27779	.276243	[13] 45,195	[13] 1,581,820	1,305	3,538	59,614	64,457
Netherlands Antilles	Guilder	[9] .524934	.530264	557	19,448		265	1,538	1,803
New Zealand	Pound	2.7756	2.78090	19	677		(25)	(25)	(25)
Nicaragua	Cordoba	[9] .142857	.142857	18	614	6			6
Nigeria	Pound	[9] 2.80	(16)	571	20,000				
Norway	Krone	.14000	.14	870	30,467				
Pakistan	Rupee	[9] .2091175	.21	1,534	53,685				
Panama, Republic of	Balboa	[9] 1.00	1.00	(17)	10		[26] 3,635	(18)	[26] 3,635
Paraguay	Guarani	[9] .007365	(10)	2	81				
Peru	Sol	[9] .0372856	(19)	1,354	47,398		(17)		(17)
Philippines	Peso	[9] .28490	.50	1,162	40,661	71	9,961	[25] 40,088	[25] 50,120
Portugal	Escudo	.034902	.0347826	13,457	471,000	622	861	11,861	13,344
Rhodesia and Nyasaland	Pound	[9] 2.80	2.80	247	8,630			(25)	(25)
Saudi Arabia	Riyal	[9] .222222	.222222	2,222	77,779		8,162		8,162
South Africa	Rand	1.3964	1.40	14,246	498,616	1,914	1,536	39,239	42,689
Spain	Peseta	.016664	.0166667	12,757	446,483		4,760		4,760
Surinam	Guilder	.530264	.530264	278	9,713		129		129
Sweden	Krona	.19278	.193304	5,166	180,806	809	1,978	71,664	74,451
Switzerland	Franc	.23167		[14] 76,200	[14] 2,667,000	8,994	3,977	104,020	116,991
Syrian Arab Republic (January)	Pound	[9] .27933	.456313	532	18,605			4,940	4,940
Thailand	Baht	[9] .047984	(16)	2,977	104,203	236	54	[25] 80	370
Tunisia	Dinar	[9] 2.80	(16)	96	3,353				
Turkey	Lira	[9] .111111	.111111	3,997	139,898	(18)	(18)	8,889	8,889
United Kingdom	Pound sterling	2.8033	2.80	73,760	2,581,600	(18)		[25] 121,103	[25] 121,103
Uruguay	Peso	[9] .091075	.135135	5,129	179,509		2,636	96	2,732
Venezuela	Bolivar	[9] .220264	.298507	11,447	400,640		19,685	32,027	51,712
Vietnam	Piastre	[9] .016667	(16)	555	19,428	296			296
Yugoslavia	Dinar	[9] .001333	(10)	[14] 114	[14] 4,000				
Bank of International Settlements	Franc			[27] (−)1,423	[28] (−)49,802				

Footnotes at end of table, p. 122.

Gold and silver monetary stocks of principal countries of the world at end of calendar year 1962—Continued

Country or international institution	Monetary unit	Exchange rate, New York December 1962 average, or internal rate as noted	Par value, December 1962 for members of the International Monetary Fund	Gold bullion and coin held by Government agencies		Silver bullion and coin, U.S. dollar value			
				Number of fine troy ounces (thousands)	U.S. dollar value [1] (thousands)	Bullion held by Government agencies [2] (thousands)	Coin held by Government agencies [3] (thousands)	Coin (estimated) in circulation, including coin in commercial banks [3] (thousands)	Total silver (thousands)
European fund				[14] 1,600	[14] $56,000				
International Monetary Fund				62,723	2,195,321				
Sum of items above				1,178,654	41,252,754	$2,267,384 (18)	$196,256 (18)	$3,372,148 (18)	$5,835,788 (18)
Other				[28] 5,203	[28] 182,246				
World total				[29] 1,183,857	[29] 41,435,000				

[1] Gold is valued on the basis of the legal gold content of the U.S. dollar (symbol $). The dollar consists of 15 5/21 grains of gold 9/10 fine. The equivalent value of fine gold is $35 per troy ounce; $1.125275986 per gram; and $1,125.275986 per kilogram.

[2] Value of silver bullion: United States, see footnote 5. Other countries, reported quantity valued at the December 1962 average price for commercial bars in New York, which was $1.19875 per troy ounce of 999/1000 fineness; the corresponding value of fine silver is $1.19995 per troy ounce, $0.03858 per gram, and $38.58 per kilogram.

[3] Value of silver coin: United States, face or nominal value. Other countries, the reported face or nominal value in units shown converted to U.S. dollar value at the New York exchange rate where quoted, at par value established with the International Monetary Fund, or at internal rates as indicated.

[4] Consists of regular Treasury and U.S. exchange stabilization fund gold holdings.

[5] Consists of Treasury holdings of 1,660,142,279 fine ounces of silver bullion at monetary value of $2,146,446,578 and 30,747,328 fine ounces at cost value of $22,406,244; the amount representing silver bullion held as security for silver certificates totaled 1,654,494,338 fine ounces valued at $2,139,144,190.

[6] U.S. silver coin held in the Treasury.

[7] U.S. silver coin held outside of the Treasury; that is, held in the Federal Reserve banks (central banks), in commercial banks, and in hands of the public.

[8] East African currency area in 1962 included Aden, Kenya, Tanganyika, Uganda, and Zanzibar. Silver coins are in process of withdrawal.

[9] U.S. dollar equivalent converted from official rate, selling rate, or other principal rate applicable for the dollar in the country concerned.

[10] Par value previously established is not applicable in December 1962.

[11] Includes silver coins held by the central bank which are considered as issued for circulation, and in hands of the public.

[12] A new monetary unit called the "peso boliviano," to be established Jan. 1, 1963, will have a ratio to the "boliviano" of 1 to 1,000.

[13] Central bank stocks only; does not include certain other official gold holdings that are not made public.

[14] Approximate.

[15] New par value established in 1962.

[16] Par value not established as of Dec. 31, 1962.

[17] Less than 500.

[18] Data not available.

[19] Includes holdings of State bank and Government Treasury.

[20] Effective Jan. 1, 1963, a "new Finnish markka" equal to 100 "old markka" will be introduced. The par value established with the Fund will then change from U.S. $0.003125 to U.S. $0.3125 (3.20 markka to 1 U.S. dollar).

[21] Effective Jan. 1, 1963, the "new franc" established on Jan. 1, 1960, will be called the "franc", and references to the monetary unit prior to Jan. 1, 1960, will be designated by the term "old franc."

[22] Comparative gold holdings for Dec. 31, 1961, were 510,000 fine ounces valued at $17,865,000 (the ounces were incorrectly published as 210,000 in last year's table). No silver coins have been issued in recent years.

[23] In June 1962, a new monetary unit, the "won" replaced the "hwan", and a conversion rate of 10 hwan for 1 won was established.

[24] Both Liberian and United States coins circulate; amount not available.

[25] Silver coins are not issued at the present time.

[26] Includes Panamanian and United States coins held by the Government of Panama and by Panamanian commercial banks; amount in circulation not available.

[27] Represents net gold assets of BIS, that is, gold in bars and coins and other gold assets minus gold deposit liabilities.

[28] Represents difference between estimated world total shown below and sum of items shown above.

[29] World total gold stocks: Source of dollar value, Federal Reserve Bulletin for December 1963, in which reserves are rounded to millions of dollars. Ounces are computed from the rounded value. World total excludes holdings of U.S.S.R., other Eastern European countries, and China mainland.

[Excerpt from "The Silver Market in 1963" compiled by Handy & Harman]

The Silver Market in 1963

World silver consumption (excluding Communist-dominated areas)

[In millions of ounces]

	1963	1962	1961	1960	1959
Industrial uses:					
United States	110.0	110.0	105.0	100.0	103.0
Canada	4.4	4.6	4.5	4.3	4.5
Mexico	3.2	3.3	3.4	4.0	5.4
United Kingdom	20.0	20.0	20.0	16.5	17.5
France	13.9	13.5	14.0	13.0	10.6
West Germany	40.5	41.8	43.5	40.2	33.3
Japan	20.0	19.6	19.1	21.6	13.6
Other countries	35.0	35.0	30.0	25.0	25.0
Total	247.0	247.8	239.5	224.6	212.9
Coinage: [1]					
Canada	13.4	10.9	6.2	7.5	5.7
France	12.0	13.2	23.8	12.2	5.5
Italy	.5	3.5	5.6	7.1	5.7
Japan	5.0	1.4	1.4	4.6	10.2
Other countries	30.0	30.0	44.2	26.5	17.9
Total coinage [1]	60.9	59.0	81.2	57.9	45.0
Total consumption [1]	307.9	306.8	[2] 320.7	282.5	257.9

World silver supplies (excluding Communist-dominated areas)

[In millions of ounces]

	1963	1962	1961	1960	1959
New production:					
Mexico	43.0	41.3	40.3	44.5	44.1
United States	37.0	36.3	34.9	36.8	23.0
Canada	30.0	30.7	31.4	34.0	31.9
Peru	38.0	36.0	34.1	30.8	27.2
Bolivia	3.8	3.8	3.9	4.9	4.5
Other South and Central American countries	7.7	7.1	8.6	7.8	7.8
Total Western Hemisphere	159.5	155.2	153.2	158.8	138.5
Outside the Western Hemisphere	51.0	51.0	49.0	48.0	50.0
Total, new production	210.5	206.2	202.2	206.8	188.5
Other supplies:					
U.S. Treasury silver	23.0	.9	62.6	21.5	34.5
Stocks of foreign governments	10.0	4.5	15.9	12.0	7.5
Demonetized coin	15.0	20.0	30.0	10.0	10.0
Sales by Red China	------------	25.0	55.0	9.7	2.6
Liquidation of speculative holdings	40.0	35.0	------------	------------	------------
Salvage and other miscellaneous sources	9.4	15.2	30.0	22.5	14.8
Total, other supplies	97.4	100.6	193.5	75.7	69.4
Total, world silver supplies	307.9	306.3	[3] 395.7	282.5	257.9

[1] Consumption of silver for U.S. coinage has been excluded from these tables. Supplies needed for this purpose are obtained entirely from Treasury stocks and have never been part of market demand. The amounts consumed (in millions of ounces) for the past 5 years have been as follows: 1963, 111.3; 1962, 77.4; 1961, 55.9; 1960, 46.0; 1959, 41.4.

[2] Does not include speculative buying and inventory accumulations estimated at 75,000,000 ounces.

[3] Includes approximately 75,000,000 ounces of speculative buying and inventory accumulations which took place in 1961. These holdings were liquidated during 1962 and 1963.

Imports of silver into the United States (excluding lend-lease returns)

[In millions of ounces]

	1963	1962	1961	1960	1959
Imported from—					
Canada	18.4	24.2	23.8	21.8	23.5
Mexico	18.3	15.3	8.1	11.0	16.8
Peru	15.4	15.9	7.2	11.8	10.8
Other Western Hemisphere countries	7.5	6.8	6.0	6.7	8.4
Total, Western Hemisphere	59.6	62.2	45.1	51.3	59.5
United Kingdom	.1	3.7	1.2		.5
Other European countries	.1	5.8			.3
Australia	2.0	2.0	1.2	1.2	1.4
All other countries	.9	2.7	1.4	3.6	2.8
Total imports	62.7	76.4	48.9	56.1	64.5

Exports of silver from the United States

[In millions of ounces]

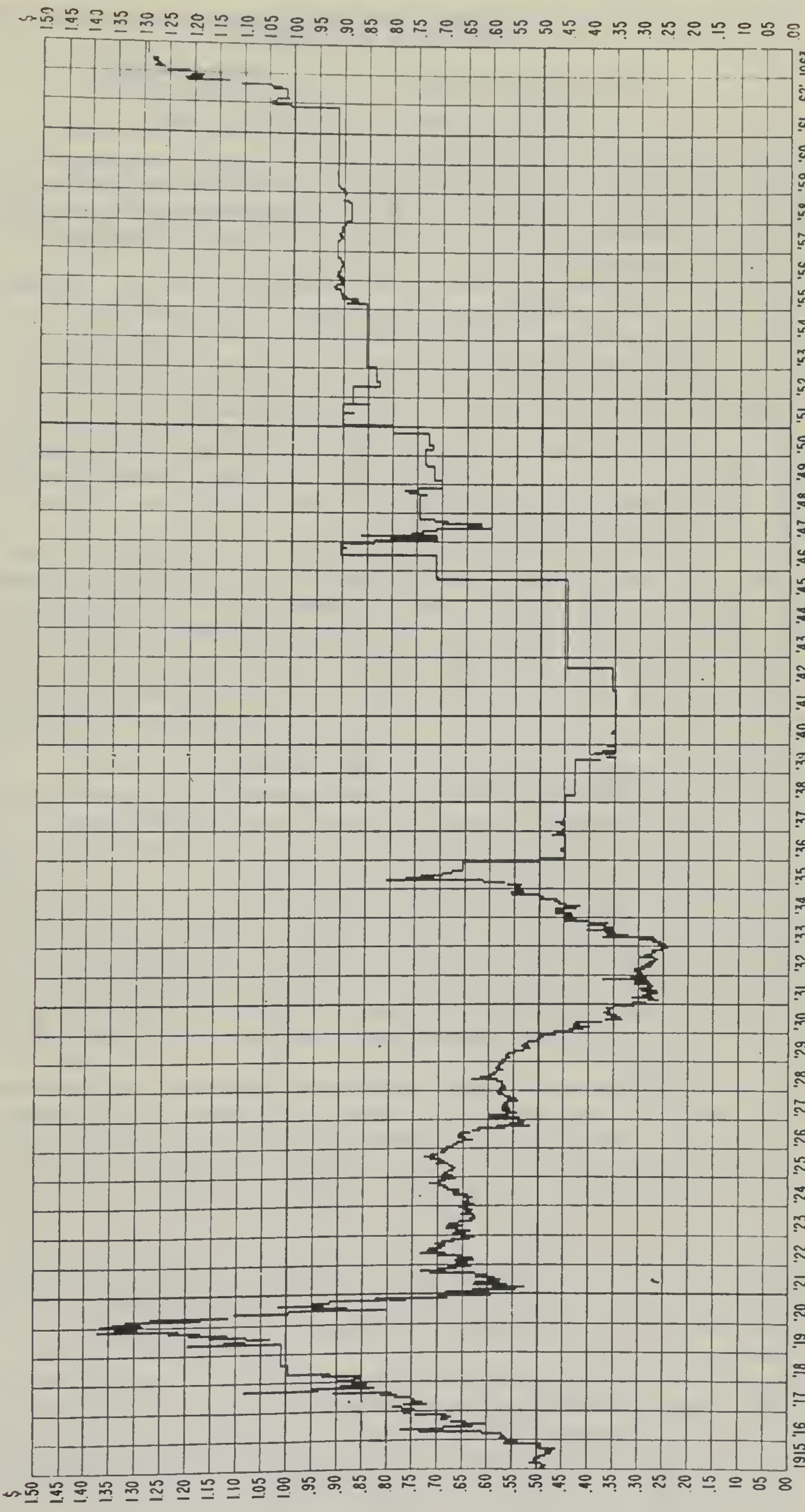
	1963	1962	1961	1960	1959
Exported to—					
Canada	8.1	7.2	12.0	2.3	1.0
United Kingdom	9.7	1.6	5.9	5.7	2.7
France	6.2		4.3	7.4	1.2
West Germany	2.3	1.6	11.1	5.7	3.1
Italy	3.0	.3	2.5	.5	
Japan	2.0	.4	3.5	4.5	1.1
All other countries	1.2	2.0	.5	.5	.1
Total exports	32.5	13.1	39.8	26.6	9.2

Silver quotations

	New York price [1] (cents)			London spot (pence)		
	High	Low	Average	High	Low	Average
1963	129.300	121.000	127.912	111.750	103.875	110.126
1962	122.000	101.250	108.521	104.250	84.375	91.510
1961	104.750	91.375	92.449	88.750	79.375	80.225
1960	91.375	91.375	91.375	80.250	79.000	79.377
1959	91.625	89.875	91.202	80.250	75.875	78.827
1958	90.375	88.625	89.044	78.750	74.750	76.216
1957	91.375	89.625	90.820	80.500	77.125	78.931
1956	91.625	90.000	90.826	81.375	76.625	79.134
1955	92.000	85.250	89.099	80.250	73.750	77.542
1954	85.250	85.250	85.250	74.375	72.000	73.484

[1] Prices for 1961 and earlier are for silver in unrefined form and are ¼ cent below the refined silver price.

THE NEW YORK SILVER PRICE
1915 THROUGH 1963



Source: Handy & Harman, New York, N.Y.

[Excerpts from "Coins and Currency of the United States," June 30, 1947, Office of the Secretary of the Treasury]

Coins and Currency of the United States

HISTORY OF THE MONETARY STANDARDS

Under the Articles of Confederation, the Congress in 1785 adopted the dollar as the monetary unit of the United States, and in 1786 fixed its value at 375.64 grains of pure silver. This unit was derived from the Spanish piaster, or milled dollar, which had constituted a large part of the metallic circulation of the English colonies in America.

Congress, by the act of April 2, 1792, established the first monetary system of the United States under the Constitution. That act provided "that the money of account of the United States shall be expressed in dollars or units, dismes or tenths, cents or hundredths, and milles or thousandths," and established two units of value: the gold dollar containing 24.75 grains of pure gold (27 grains of standard gold 0.916⅔ fine), and the silver dollar containing 371.25 grains of pure silver (416 grains of standard silver 0.8924 fine), the proportionate mint ratio of the two metals being 1 to 15. A mint was established at Philadelphia, and provision was made for the coinage of both gold and silver coins. The coinage was unlimited and there was no mint charge. Both gold and silver coins were legal tender.

The act of 1792 undervalued gold in relation to silver, and gold was therefore exported. To remedy this the act of June 28, 1834, reduced the content of the gold dollar from 24.75 to 23.2 grains of pure gold, and reduced the standard weight from 27 to 25.8 grains, thus reducing the fineness to 0.899225, and, since the fine content of the silver dollar was unchanged, making the mint ratio between gold and silver 1 to 16.002. By the act of January 18, 1837, the fineness of both gold and silver coins was fixed at 0.900, and the weight of the gold dollar was fixed at 25.8 grains of standard or 23.22 grains of pure gold; and, since the fine content of the silver dollar was unchanged, a new mint ratio of 1 to 15.988+ for gold and silver was thereby established.

However, both the acts of 1834 and 1837 undervalued silver in terms of gold, and silver was attracted to Europe by the more favorable ratio there obtaining. By the act of February 21, 1853, in order to eliminate the disadvantages resulting from the disappearance of fractional silver coins from circulation, the fine silver content of silver coins for fractional parts of a dollar was reduced approximately 7 percent (previously their silver content had been exactly proportional to that of the silver dollar), and they were made legal tender to the amount of $5 only (previously they had been full legal tender). This act also discontinued free coinage of fractional silver coins, and provided that thereafter they should be coined only for the account of the Treasury, any profit accruing to the United States through their coinage to be covered into the Treasury as seigniorage.

The act of February 12, 1873, codified the coinage laws then in effect and made a number of changes in the monetary structure. This act declared that a gold "$1 piece" (of unchanged fineness and content, 25.8 grains of standard gold 0.900 fine, or 23.22 grains of pure gold) should be "the unit of value"; coinage of gold was to be unlimited, and gold coins were full legal tender. Silver coins for fractional parts of a dollar, except for the half-dime which was abolished, were continued, as provided in the act of 1853, with only a slight change in their silver content (and without change in their limited legal tender qualities). Former provision for silver dollars (of 371.25 grains of pure silver) was omitted (a trade dollar containing 378 grains of pure silver, intended for export to the Orient in exchange for goods, was authorized; its free coinage was discontinued in 1878).

The act of February 28, 1878 (Bland-Allison Act) again provided for the coinage of the silver dollar of the weight (412.5 grains) and standard (0.900 fine), i.e., 371.25 grains of pure silver, as provided by the act of January 18, 1837, and provided that all such silver dollars together with those previously coined shall be legal tender at their nominal value for all debts and dues, public and private, except where otherwise expressly stipulated in the contract. (For silver purchase and coinage provisions see pp. 7 to 12.)

The act of July 14, 1890 (Sherman Act) which provided for the purchase of silver (see p. 8) and the issuance of Treasury notes of the United States (see p. 18) in payment therefor stated "that upon demand of the holder of any of the Treasury notes herein provided for the Secretary of the Treasury shall, under such regulations as he may prescribe, redeem such notes in gold or silver coin, at his discretion, it being the established policy of the United States to

maintain the two metals on a parity with each other upon the present legal ratio, or such ratio as may be provided by law."

The act of November 1, 1893, repealed the purchasing clause of the act of July 14, 1890, and declared it to be "the policy of the United States to continue the use of both gold and silver as standard money, and in coin both gold and silver into money of equal intrinsic and exchangeable value, such equality to be secured through international agreement, or by such safeguards of legislation as will insure the maintenance of the parity in value of the coins of the two metals, and the equal power of every dollar at all times in the markets and in the payment of debts."

The act of March 14, 1900, reaffirmed the act of 1873 by providing that "the dollar consisting of 25.8 grains of gold nine-tenths fine, * * * shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity." This act also provided that nothing contained in the act "shall be construed to affect the legal-tender quality as now provided by law of the silver dollar, or of any other money coined or issued by the United States."

In 1913, Congress provided in the Federal Reserve Act that "nothing in this act contained shall be construed to repeal the parity provision or provisions contained in an act approved March 14, 1900. * * * and the Secretary of the Treasury may for the purpose of maintaining such parity and to strengthen the gold reserve, borrow gold on the security of U.S. bonds * * *."

Under powers granted by the act of October 6, 1917 (Trading With the Enemy Act), confirmed and broadened by the act of March 9, 1933 (Emergency Banking Act), the President issued a series of Executive orders in March and April 1933, the effect of which was temporarily to take the United States off the gold standard. Gold coin, gold bullion, and gold certificates were required to be surrendered to the Federal Reserve banks and strict control over the export of gold was maintained by the Treasury.

Title III of the act of May 12, 1933, known as the Thomas amendment, empowered the President to reduce the gold content of the dollar by as much as 50 percent. The President did not exercise this power until January 31, 1934, but during the latter part of 1933, and January 1934, the Government bought gold at prices ranging from $20.67 an ounce (the previously existing standard price) to $34.45 an ounce.

Title III of the act of May 12, 1933, as amended by the joint resolution of June 5, 1933, provided that all coins and currencies of the United States (including Federal Reserve notes and circulating notes of Federal Reserve banks and national banking associations) should be legal tender for all debts, public and private, public charges, taxes, duties, and dues. (This policy was further implemented by the joint resolution of August 27, 1935, which provided that the lawful holders of the coins or currencies of the United States should be entitled to exchange them, dollar for dollar, for other coins or currencies which are lawfully acquired and are legal tender for public and private debts.)

The joint resolution of June 5, 1933, declared all contractual provisions requiring payment in gold or any particular kind of coin or currency against public policy, and provided that all obligations previously incurred, or to be incurred in the future, would be legally discharged by payment dollar for dollar in any coin or currency which at the time of payment was legal tender for public and private debts.

On December 21, 1933, the President, pursuant to power vested in him by title III of the act of May 12, 1933, issued the first of a series of proclamations directing the purchase by the mints of newly mined domestic silver. The purchase of newly mined domestic silver is discussed further in part II on the History of the Coins, under the head "Standard Silver Dollars."

The Gold Reserve Act, approved January 30, 1934, crystallized the policy developed during 1933; and, in effect, established as the monetary standard a form of the gold bullion standard. The act vested in the United States title to all gold coin and gold bullion held by the Federal Reserve banks and in exchange for this coin and bullion provided for the issuance of credits payable in gold certificates. It provided that all gold coin of the United States should be withdrawn from circulation and together with all other gold owned by the United States should be formed into bars. Authority was granted to the Secretary of the Treasury, with the approval of the President, to issue regulations under which gold might be acquired and used (*a*) for industrial, professional, and artistic use; (*b*) by the Federal Reserve banks for the purpose of settling international balances;

and, (*c*) for other purposes not inconsistent wtih the purposes of the Act.[1] The Secretary of the Treasury was authorized to issue gold certificates against any gold held by the Treasurer of the United States, except the gold fund held as a reserve for any U.S. notes and Treasury notes of 1800. The Secretary of the Treasury in his discretion issues such gold certificates to the Federal Reserve banks and the amounts are credited to the Treasury balances with the Reserve banks in order to reimburse these balances for the Treasury's expenditures made in connection with acquisitions of gold. Under the act, gold certificates owned by the Federal Reserve banks may be redeemed at such times and in such amounts as, in the judgment of the Secretary of the Treasury, are necessary to maintain the equal purchasing power of every kind of currency of the United States.

Title III of the act of May 12, 1933, was amended by the Gold Reserve Act to authorize the President to set the gold content of the dollar at not more than 60 percent, and not less than 50 percent, of its previous amount. On January 31, 1934, the President set the gold content of the dollar at 15 5/21 grains of gold 0.900 fine. This constituted a reduction to 59.06 percent of the former gold content of the dollar, and was equivalent to a monetary value for gold of $35 per fine ounce.

The President's power to alter further the gold content of the dollar terminated on June 30, 1943.

The act of June 19, 1934, (Silver Purchase Act) declared it to be the policy of the United States that the proportion of silver to gold in the monetary stocks of the United States be increased, with the ultimate objective of having and maintaining one-fourth of the monetary value of such stocks in silver.

Under powers given to the President by this act, an Executive order was issued on August 9, 1934, which required, with certain stipulated exemptions, of which newly mined silver was one, that all silver situated in the continental United States at the time be delivered to the U.S. mints within 90 days. The depositor received 50 cents per ounce of silver. This order, together with other Executive and Treasury orders regulating the holding, importing and exporting of silver, was revoked on April 28, 1938.

Through the nationalization of domestic silver, the purchase of newly mined domestic silver at various prices fixed from time to time and applicable to all domestic producers, and by foreign purchases, the monetary value of silver monetary stocks was increased from $1.280 million on June 30, 1934, to $3.526 million on June 30, 1947. The ratio of silver to gold contemplated by the Silver Purchase Act has not been achieved, however, primarily because of the very rapid increase of the Government's gold stock prior to November 1941.

The act of July 12, 1943 (Green Act), authorized the President, through the Secretary of the Treasury, upon recommendation of the Chairman of the War Production Board, to sell or lease domestically any silver held or owned by the United States, provided that at all times the Treasury maintained the ownership and the possession or control within the United States of an amount of silver of a monetary value equal to the face amount of all outstanding silver certificates. The price to be paid for such silver was to be not less than 71.11 cents per fine ounce. This authority expired on December 31, 1945.

The act of July 31, 1946, authorized the Secretary of the Treasury, under such terms as he considers advisable, to sell or lease for manufacturing uses any silver held or owned by the United States—with the same provisions as to ownership and possession or control as noted above under the act of July 12, 1943—at a price of not less than 90.5 cents per fine ounce; on the day that this act became law the Secretary of the Treasury announced that sales would be made at a price of 91 cents per fine ounce.

HISTORY OF THE COINS

The act of April 2, 1792, established a mint, and authorized the following coins: Gold: eagles (each of the value of 10 units or dollars), half-eagles, and quarter-eagles; silver: dollars, half dollars, quarter dollars, dimes, and half dimes; copper: cents and half cents. The weight and fineness of the coins were specified; and the weight of the smaller coins of each kind made exactly proportional to that of the larger. The mint was to strike into coins of the same metal, free of expense, all the gold or silver which any person brought to it. The fine

[1] The current regulations issued pursuant to this authority are set forth in the U.S. Treasury Department pamphlet "Provisional Regulations Issued Under the Gold Reserve Act of 1934 as Amended to Apr. 15, 1942."

content of gold and silver coins was to be alloyed with stated proportions of base metals.

Many changes in the laws governing coinage, and in the coins themselves, have been made since the original act, the principal ones being referred to in the following account of the various kinds of coins. (Since 1892, numerous issues of "commemorative" gold and silver coins have been made, in small amounts, but they will not be discussed here.)[2]

Foreign coins

During the early years of the Republic, a considerable quantity of foreign coins circulated in the United States. These were made legal tender by the act of February 9, 1973, at rates proportional to their gold or silver content. Although this act was suspended for several years and was amended from time to time, final provision for the retirement of foreign coins from circulation and repeal of their legal-tender qualities was not made until the passage of the act of February 21, 1857.

Gold coins

As provided in the act of April 2, 1792, the eagle, of the value of $10, became the standard denomination of gold coin. Eagles and half eagles ($5) were first coined, followed by quarter eagles ($2.50). The eagle had a weight of 270 grains, 0.916 2/3 fine, and so contained 247.5 grains of pure gold. The act of June 28, 1834, reduced the weight to 258 grains, 0.899225 fine, and so made the pure gold content 232 grains. The act of January 18, 1837, changed the fineness to 0.900, without change in weight, which raised the pure gold content to 232.2 grains. Double-eagles ($20), and $1 pieces were authorized by the act of March 3, 1849, and $3 pieces by the act of February 21, 1853. The $1 and $3 pieces were discontinued by the act of September 26, 1890; quarter eagles were discontinued by the act of April 11, 1930.

Gold coins of the different denominations were of proportionate weight and the same fineness. All were legal tender in all payments when not below the standard weight and "limit of tolerance" prescribed by law, and when below such weight and tolerance were legal tender in proportion to their actual weight.

Gold bars, bearing the mint stamp as to weight and fineness, were available under certain conditions to the depositors of gold bullion or gold coin, and the gold monetary stock was largely held in the form of bars, which were a more convenient means than coin for reserve purposes and for settlement of international balances. The U.S. Mints discontinued gold coinage after May 19, 1933; and after the passage of the Gold Reserve Act, January 30, 1934, existing stocks of gold coins were acquired by the Treasury and formed into bars.

The total gold coinage of the mints of the United States since 1792 has been $4,526,218,477.50.

Standard silver dollars

The silver dollar was adopted in 1792 as one of the two monetary units of the United States, and its metal content was then fixed at 371.25 grains of pure, or 416 grains of standard silver (0.8924 fine). In 1837 the standard for both gold and silver coins was made 0.900 fine, and the weight of the silver dollar was fixed at 412.5 grains, its pure silver content remaining as originally provided at 371.25 grains. The weight and fineness have not since been changed.

A summary of the principal acts affecting the silver dollar, and the action taken under each, follows in chronological order:

Act of April 2, 1792.—(1) Authorized coinage of the silver dollar (of the value of Spanish milled dollar) against the deposit of silver and fixed its weight at 371$\frac{4}{16}$ grains of pure silver or 416 grains of standard silver; (2) fixed the standard for silver coins as 1485/1664 (0.8924) fine; (3) fixed the coinage ratio of gold and silver as 1 to 15; (4) provided for free coinage; and (5) declared silver dollars (and all other coins authorized) lawful tender. Under this act. 1,440,517 silver dollars were coined, all for private account.

Act of June 28, 1834.—Changed the weight and fineness of the gold dollar, establishing the coinage ratio of gold and silver as 1 to 16.002.

Act of January 18, 1837.—Fixed the standard as 0.900 fine for both gold and silver coins, and changed the weight of the silver dollar to 412½ grains of standard silver (the fine content remaining fixed at 371.25 grains). The coinage

[2] See reports of the Director of the Mint, for additional information concerning "commemorative" issues.

ratio of gold and silver under the law was established as 1 to 15.988+. Under this act, 6,590,721 silver dollars were coined.

Act of February 12, 1873.—Revising the coinage laws, omitted provision for the coinage of the silver dollar and authorizing coinage of the trade dollar.

Act of February 28, 1878 (Bland-Allison Act).—Restored coinage of the standard silver dollar (but only on Government account) of the weight of 412.5 grains of standard silver 0.900 fine (371.25 grains of pure silver) as provided in the act of January 18, 1837, and declared all such dollars (and all those previously coined) to be legal tender except where otherwise expressly stipulated in the contract. The act also directed the Secretary of the Treasury to purchase each month, at the market price thereof, not less than $2 million nor more than $4 million worth of silver bullion and to coin the bullion so purchased into standard silver dollars. Under this act, 291,272,018.56 fine ounces of silver were purchased, at a cost of $308,279,260.71, and 378,166,793 standard silver dollars were coined.

Act of July 14, 1890 (Sherman Act).—Repealed the provisions of the act of February 28, 1878, which required the monthly purchase and coinage of silver bullion; and directed purchase of silver, to total 4,500,000 ounces of bullion per month at the market price thereof, not exceeding $1 for 371.25 grains of pure silver, provided for its coinage into standard silver dollars, and authorized the issue of Treasury notes (called Treasury notes of 1890, see p. 18) in payment for the silver bullion purchased. Under this act, 168,674,682.53 fine ounces of silver were purchased, at a cost of $155,931,002.25 for which Treasury notes were issued. Of the silver purchased, 144,653,722.68 fine ounces, costing $134,192,285.02, were coined into 187,027,345 standard silver dollars. The balance was used for subsidiary silver coinage. (Of the silver dollars coined, 36,-087,285 were coined before the repeal of the silver purchase authority by the act of November 1, 1893; 42,139,872 were coined between November 1, 1893, and June 12, 1898; and 108,800,188 were coined as directed by the act of June 13, 1898.)

Act of March 3, 1891 (also act of March 3, 1887).—Authorized coinage from trade dollar bullion and trade dollars then in the Treasury. Under these acts, 5,078,472 standard silver dollars were coined.

Act of November 1, 1893.—Repealed the purchasing clause of the act of July 14, 1890.

Act of June 13, 1898.—Directed coinage into standard silver dollars of all the remaining bullion in the Treasury purchased under the act of July 14, 1890.

Act of April 23, 1918 (Pittman Act).—Authorized the conversion of not exceeding 350 million standard silver dollars into bullion and its sale, or use for subsidiary silver coinage, and directed purchase of domestic silver for recoinage of a like number of dollars. Under this act, 270,232,722 standard silver dollars were converted into bullion (259,121,554 for sale to Great Britain at $1 per fine ounce, plus mint charges and 11,111,168 for subsidiary silver coinage), the equivalent of about 209 million fine ounces of silver. Between May 1920 and June 1923, under the act, the same quantity of silver was purchased from the output of American mines, at a fixed price of $1 per ounce, from which 270,232,722 standard silver dollars were recoined. Deliveries of a small amount of these purchases were not completed until July 1927; recoinage operations were not finished until April 1928. Silver certificates equal in amount to the standard silver dollars converted into bullion were withdrawn from circulation and replaced by Federal Reserve bank notes (see p. 22). Thereafter as silver was purchased under the act and coined into standard silver dollars, the Federal Reserve bank notes were replaced by silver certificates.

Act of May 12, 1933 (title III).—Included the first specific legislative provisions dealing with acquisitions of foreign silver by the Treasury. It authorized the acceptance, during the ensuing 6 months, of silver tendered by foreign governments in payment of indebtedness due to the U.S. Government within the 6-months period, the silver to be valued at not in excess of 50 cents per ounce. Silver certificates could be issued up to the total number of dollars for which silver was accepted in payment of debts; the silver so accepted could at the discretion of the Secretary of the Treasury be coined into standard silver dollars (and subsidiary coins) to meet redemption demands for silver certificates issued under this authority. This action was taken in part, to bolster the price of silver which had fallen drastically in 1932.

From June 1923, when purchases of domestic silver to coin standard silver dollars under the Pittman Act were completed, until December 1933, no silver

was purchased for this purpose (purchases of silver were made only for the purposes of subsidy coinage). Title III of the act of May 12, 1933, provided the authority pursuant to which the President, in a series of proclamations beginning with that of December 21, 1933, and continuing until the passage of the act of July 6, 1939, directed the mints to accept all newly mined domestic silver tendered to them for coinage into silver dollars. Under the original proclamation 50 percent of the monetary value of the silver was to be deducted as seigniorage, etc., and since the monetary value was $1.20+ per fine ounce, depositors of newly mined silver received a return of 64.64+ cents per fine ounce. Under subsequent proclamations the deductions for seigniorage, etc., ranged from 40 percent of the silver received, to 50 percent, resulting in a return to depositors ranging from 77.57+ cents to 64.64+ cents per fine ounce.

Act of June 19, 1934 (Silver Purchase Act).—Authorized and directed the Secretary of the Treasury to purchase silver, with the objective of maintaining one-fourth of the monetary value of the monetary stocks of the United States in silver. Silver certificaes were required to be issued up to at least the cost value, and might be issued up to the full monetary value of silver so purchased. The Secretary of the Treasury was given authority to coin standard silver dollars for the redemption of all silver certificates.

Under this act foreign silver and domestic silver could be purchased at a price not to exceed its monetary value ($1.29+ per fine ounce), except that the price paid for silver situated in the continental United States on May 1, 1934, could not exceed 50 cents per fine ounce.

Act of July 6, 1939.—Directed mints to receive for coinage into standard silver dollars any newly mined domestic silver mined subsequent to July 1, 1939, deducting 45 percent for seigniorage; thus the return to depositors of silver under this act was 71.11+ cents per fine ounce.

Act of July 31, 1946.—Amended the act of July 6, 1939, and provided for the acquisition of domestic silver mined after July 1, 1946, and tendered to any U.S. mint within 1 year after the month in which the ore from which it is derived was mined, deducting 30 percent for seigniorage instead of 45 percent. Hence, the return to the depositor provided in this act for newly mined domestic silver is 90.5+ cents per fine ounce.

From 1792 until 1873, when silver dollar coinage was temporarily discontinued, coinage of silver dollars was free for the account of the depositor of silver, and the mint price of silver was $1.29+ per fine ounce. Since the restoration of coinage in 1878, coinage of silver dollars has been for the account of the United States, and the difference between the cost of the silver and the face value of the dollars coined, termed seigniorage, has been covered into the Treasury as a miscellaneous receipt.

Silver dollars were made legal tender by the act of April 2, 1792, and their status in this respect remained unchanged until the act of February 28, 1878, which declared such dollars legal tender except where otherwise expressly stipulated in the contract. The exception was removed by the act of May 12, 1933, as amended by the joint resolution of June 5, 1933, referred to on page 3.

Trade dollars

The trade dollar was authorized by the act of February 12, 1873. Its weight was fixed at 420 grains of standard silver (378 grains of pure silver), and free coinage was provided. Trade dollars were intended for export to the Orient in exchange for goods. To make them acceptable as a substitute for the Mexican and Spanish silver dollars, they were made slightly heavier than standard U.S. silver dollars.

The trade dollar was originally made legal tender in the United States in sums not exceeding $5 (the same as subsidiary silver coin), but the legal tender quality was withdrawn by the joint resolution of July 22, 1876, and coinage was restricted to such amount as the Secretary of the Treasury should "deem sufficient to meet the export demand." The act of March 3, 1887, discontinued the coinage of trade dollars, provided for their retirement and ordered their recoinage into standard silver dollars or subsidiary silver coins. For 6 months after the passage of that act they were exchangeable dollar for dollar for standard silver dollars or subsidiary coin. The act of March 3, 1891, directed the Secretary of the Treasury to coin into standard silver dollars the trade dollar bullion and trade dollars then in the Treasury.

Trade dollars in the amount of 35,965,924 had been coined. Under the act of 1887, 7,689,036 were redeemed at face value, and from the resulting bullion $2,668,-674.30 in subsidiary silver and 5,078,472 standard silver dollars were coined.

Fractional or subsidiary silver coins

The act of April 2, 1792, authorized silver coins for fractional parts of a dollar: half dollar, quarter dollar, dimes, and half dimes, each of the weight and with a silver content proportional to those of the silver dollar weighing 416 grains and containing 371.25 grains of pure silver. Coinage was free, and the coins were full legal tender when of standard weight, and if below, in proportion to their actual weight.

The act of January 18, 1837, fixed the standard for all coins as nine-tenths fine, and fixed the gross weight of the silver dollar at 412.5 grains and that of other silver coins in proportion thereto. The pure silver content was not changed. The fractional silver coins were made legal tender at their nominal value. A 3-cent silver coin of a lesser proportionate fine silver content was authorized by the act of March 3, 1851, which provided that the coin should be legal tender for the payment of all sums of 30 cents and under.

By the act of February 21, 1853, the gross weight and fine content of the fractional silver coins was reduced about 7 percent, the weight of the half dollar being fixed at 192 grains (the purse silver content at 172.8 grains, a reduction of 12.825 grains from the former standard), and the other silver coins, were reduced in like proportion. Their legal tender quality was reduced to $5, and free coinage was discontinued. Accordingly, fractional silver coins became "subsidiary" silver coins, and they have since been coined only for Government account.

The act of February 12, 1873, raised slightly the gross weight and fine content of the subsidiary silver coins (the gross weight of the half dollar being fixed at 192.9 grains and that of the other coins in proportion), and fixed the denominations at 50-, 25-, and 10-cent pieces; the silver half dime and the 3-cent piece were discontinued. A silver 20-cent piece was introduced by the act of March 3, 1875, but was discontinued by the act of May 2, 1878. The act of January 14, 1875, in providing for the resumption of specie payments, authorized the coinage of silver coins of the denominations of 10, 25, and 50 cents, to be issued for the redemption of fractional paper currency.

The act of June 9, 1879, increased the legal tender quality of subsidiary silver to $10, and authorized the exchange of subsidiary silver coins for lawful money in sums of $20 or any multiple thereof. Whether the act of May 12, 1933, as amended by the joint resolution of June 5, 1933 (see p. 3) removed the $10 limitation on the legal tender quality of subsidiary silver has never been ruled upon by the courts.

Minor coins

Various minor coins have been authorized or changed from time to time since the act of April 2, 1792, which authoribed a cent of 264, and a half cent of 132 grains of copper. The copper content of these two coins was reduced pursuant to succeeding acts (in 1793 and 1795) and was fixed by the act of January 18, 1837, at 168 grains of copper for the cent and 84 grains for the half cent. The act of February 21, 1857, discontinued these two coins, but provided for a cent, weighing 72 grains, and containing 88 percent copper and 12 percent nickel. A bronze cent (95 percent copper and 5 percent tin and zinc) was authorized by the act of April 22, 1864, which discontinued the cent containing nickel. The weight of the bronze cent was fixed at 48 grains; this composition and weight were incorporated in the Coinage Act of 1873. The act of April 22, 1864, also authorized a bronze 2-cent piece, of 96 grains, but this coin was discontinued by the Coinage Act of 1873.

A 5-cent piece, the well-known "nickel," was authorized by the act of May 16, 1866, and continued in the Coinage Act of 1873. Its weight was fixed at 77.16 grains (75 percent copper and 25 percent nickel). A 3-cent piece of nickel weighing 30 grains, authorized in the act of March 3, 1863, was coined until discontinued by the act of September 26, 1890.

The act of February 12, 1873, made minor coins legal tender for amounts not exceeding 23 cents, and authorized their redemption in lawful money in sums of $20. The effect of the act of May 12, 1933, as amended by the joint resolution of June 5, 1933, on the 23-cent limit has not yet been the subject of court interpretation.

Production of a new wartime 1-cent coin was provided for in the act of December 18, 1942 (effective until December 31, 1946) in order to save strategic copper and tin for war uses. Production of a zinc-coated steel 1-cent piece was begun under this act in February 1943, and discontinued on December 31, 1943, after the passing of the acute phase of the copper stringency. On

January 1, 1944, coinage of a modified copper alloy cent was begun. This coin is similar to the standard bronze cent except that it contains no tin.

The act of March 27, 1942 (effective until December 31, 1945) similarly authorized a change in the composition of the 5-cent piece. Production of the new coin, which was composed of 35 percent silver, 56 percent copper, and 9 percent manganese, was begun on October 1, 1942, and it was coined through December 31, 1945.

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DESCRIPTION OF THE MONEY OF THE UNITED STATES

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Coins

The coins currently issued by the United States are standard silver dollars, subsidiary silver coins in denominations of 50 cents (half dollar), 25 cents (quarter dollar), and 10 cents (dime), and minor coins in denominations of 5 cents (nickel) and 1 cent (penny). Standard silver dollars are coined in such amounts as may be required to provide for the redemption of silver certificates in that form of payment. Subsidiary silver and minor coins are coined in such amounts as the business of the country may require. Special wartime 5- and 1-cent coins were authorized in order to conserve strategic metals. Gold coins are no longer coined or paid out by the United States.

The table below shows the metal content and the gross weight of each coin as now issued.

Kind and denomination	Metal content (grains)			Gross weight (grains)
	Silver	Copper	Nickel	
Silver: [1]				
Standard dollar	371.25	41.25		412.50
Half dollar	173.61	19.29		192.90
Quarter dollar	86.805	9.645		96.45
Dime	34.722	3.858		38.58
Minor coins: 5 cents [2]		57.87	19.29	77.16
	Silver	Copper	Tin and zinc	
1 cent [3]		45.60	2.40	48.00

[1] Silver coins contain 900 parts of pure silver and 100 parts of copper alloy.
[2] 75 percent copper, 25 percent nickel.
[3] 95 percent copper, 5 percent tin and zinc.

* * * * * * *

Troy weights are used (480 grains to an ounce), and while metric weights are by law assigned to the half and quarter dollar and dime, troy weights still continue to be employed, 15.432 grains being considered as the equivalent of a gram as provided by the act of July 28, 1866.

Silver bullion containing 900 parts of pure silver and 100 parts of copper alloy is used for silver coins. The coinage value in standard silver dollars of an ounce of pure silver is $1.2929-plus, and of an ounce of silver bullion is $1.1636-plus. The coinage value in subsidiary silver coins of an ounce of pure silver is $1.3824-plus and of an ounce of silver bullion is $1.2442-plus. The weight of $1,000 in standard silver dollars is 859.375 troy ounces, equivalent to 58.92 pounds avoirdupois, and the weight of $1,000 in subsidiary silver coin is 803.75 ounces, equivalent to 55.11 pounds avoirdupois.

The following devices and legends are placed on the coins of the United States currently issued: On the obverse an impression emblematic of liberty with the inscriptions "Liberty" and "In God We Trust," and the year of coinage; on the reverse the figure or representation of an eagle (omitted on the 10-, 5-, and 1-cent pieces), with the inscriptions "United States of America" and "E Pluribus Unum," and a designation of the value of the coin. The designs of any coin may not be changed oftener than once in 25 years without the approval of Congress; but from time to time commemorative coins have been authorized, which may have special features of design.

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[From The Monthly Review, Federal Reserve Bank of Richmond, April 1964]

THE UNITED STATES MINT AND THE SUPPLY OF COIN

A New England bank recently made national news by sponsoring a "green sale." The public was invited to buy new $1 Federal Reserve Notes for 98 cents in coin. This not only enabled the bank to acquire badly needed coin, but in a unique and effective way focused public attention on a serious problem—the coin shortage.

In recent years the demand for coin has risen rapidly, and existing mint facilities are being strained to keep pace with the growing need. A number of recent studies have delved into the demand side of the equation and have explained the growing demand for coin in terms of a growing population, rising economic activity, increased use of vending machines, and so forth. This article shifts emphasis to the supply side of the problem for a somewhat detailed look at the United States Mint, the institution which produces our coin.

History Mint facilities in this country are almost as old as the Constitution, which vests Congress with the authority ". . . To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures." In the early history of this country money consisted of precious metals, numerous other commodities, different foreign coins, and a few land bank notes secured by real estate mortgages. Jefferson, Hamilton, and others hoped to correct this disorderly state of affairs by specifying the metallic content of the monetary unit and providing a facility which would strike precious metals into standard coin. Under the Coinage Act of 1792, the dollar, defined in terms of both gold and silver, was adopted as the standard monetary unit. The U. S. Mint was established in Philadelphia, then the Capital, and was the first public building authorized under the Constitution.

During the 172 years since the Mint was founded, the monetary system of the United States has undergone extensive change. The country operated first on a bimetallic coin standard, then the gold coin standard, and since 1934 on a limited gold bullion standard. The composition of the money supply shifted from one consisting primarily of currency and coin to one made up primarily of demand deposits. Through all of these changes the Mint has performed the vital service of supplying the coin which is so necessary to commerce and trade.

Changing Outputs With changing coinage laws, the composition of the Mint's output has, of course, changed too. Gold coins, which were minted in six different denominations ($50, $20, $10, $5, $3, $2.50, and $1) accounted for most of the value of the Mint's production before 1934. This was especially the case in periods of unusually large domestic gold production. For example, in the ten years following the California gold rush, gold coins made up over 90% of the dollar value of the Mint's total output. The Mint has produced no gold coins since May 1933, and the Gold Reserve Act of January 1934 prohibits both the production and monetary use of such coins.

The composition of the silver and minor coinage has been affected by numerous coinage laws, especially those making additions to and deletions from the coinage list. At one time or another the authorized silver coinage has included a 20-cent piece, a half-dime, and a 3-cent piece. Among early minor coins were a 3-cent piece made of nickel and copper, a 2-cent bronze piece, and a copper half-cent.

The metallic content of the various coins has been subject to numerous legislative adjustments, but the definition of most of today's silver and minor coins has been fixed for many years. The silver dollar, for example, has not been changed since 1837, and the half dollar, quarter, and dime have not been altered since 1873. Except for a brief time during World War II, when some metals were in short supply, the composition of the nickel has not been changed since 1866 nor that of the bronze penny since 1864.

Growth in Production Facilities Until the 1830's the Philadelphia Mint had ample productive capacity. Most of its output in terms of numbers of pieces consisted of minor coin, and other coinage was limited in part by the scarcity of precious metals. Domestic production of gold and silver was quite small, and raw materials for larger-denomination coinage consisted chiefly of foreign coin and bullion earned in foreign trade. Production was also limited by Jefferson's decision in 1806 to stop minting silver dollars. These shiny new coins disappeared from circulation almost immediately as they were shipped to the West Indies where they could be traded for heavier, more valuable Spanish coin. Foreign coin, therefore, continued to constitute the bulk of the domestic coin supply for several years. As a result, a

significant part of the Mint's work load consisted of assaying a variety of foreign coins in order to furnish current estimates of their respective values.

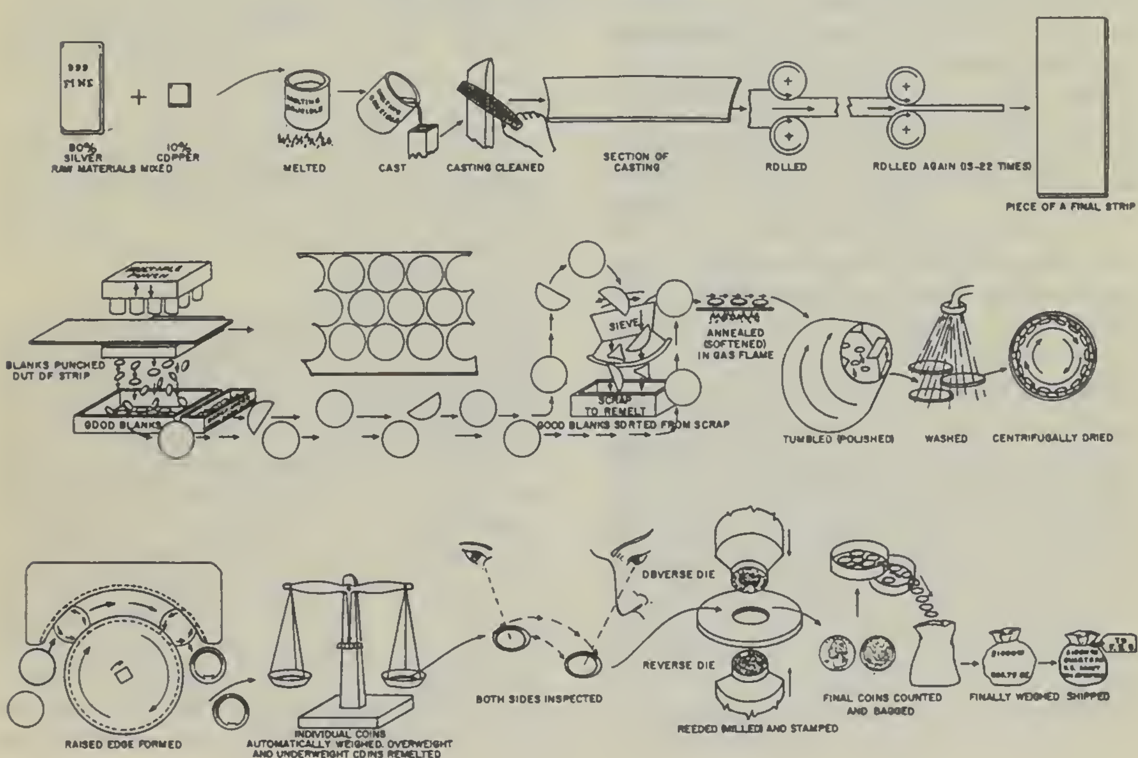
In the late 1820's and early 1830's the volume of coinage expanded appreciably as new supplies of metal became available. Several of Spain's colonies in Latin America became independent during these years, and large quantities of silver from these new nations began to come into the United States, principally through New Orleans. Gold, also, became available in larger quantities as new strikes were made in the lower Appalachians.

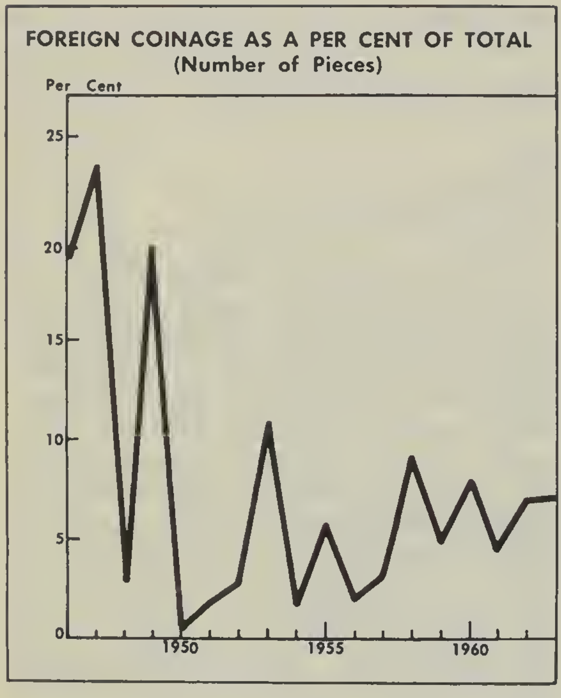
Congress decided to establish branch mints close to the sources of the new supplies of raw materials in order to minimize the problem of transportation. In 1835 the Philadelphia Mint opened branches in Charlotte, North Carolina, Dahlonega, Georgia, and New Orleans. These continued in operation until the outbreak of the Civil War. After the war the one in Charlotte was reopened as an assay office, and the one in New Orleans first as an assay office and then as a mint, which remained in operation until 1909.

Even after the Appalachian gold discoveries, foreign coins continued to be the chief raw material for mint operations. Robert J. Walker, who was Secretary of the Treasury under President Polk, was impressed with the wastefulness involved in melting foreign coin and striking it into U. S. coin, while foreigners did the reverse. To avoid this waste, he conceived a plan to standardize coin internationally. Nothing came of this venture, however, and foreign coin continued to be the principal raw material for our coinage until the great California gold strikes.

In the second half of the 19th century, three branches of the Philadelphia Mint were opened in the West to handle that region's expanded output of gold and silver. Close on the heels of the tremendous gold discoveries in California, a branch was opened in San Francisco. This facility continued in operation until 1955 at which time it was closed because of its high-cost operation. Coins could be minted in Denver and shipped to the West Coast cheaper than they could be produced in San Francisco. For this reason the coinage facilities in San Francisco were dismantled and usable items were shipped to Denver and Philadelphia. The Denver branch was legally established in 1862 but was operated only as an assay office until 1906, when it began to produce coin. In

MINTING OPERATIONS





1870, a branch was established in Carson City, Nevada, but this plant handled so small a volume of business that it was permanently closed in 1893.

For many years, the Director of the Philadelphia Mint was responsible not only for the work in Philadelphia but also for the operations of the branch mints and assay offices. To achieve better coordination and more effective control, Congress in 1873 created the Bureau of the Mint within the Treasury Department. At the present time, only two mints are in operation —one in Philadelphia and one in Denver. In addition, the Bureau of the Mint consists of the Office of the Director in Washington, assay offices in New York and San Francisco, the West Point Depository, and the Fort Knox Depository.

Supply and Demand That the demand for coin has increased very dramatically in recent years is evident from the black line on the accompanying chart, which shows the net shipment of coin by Federal Reserve Banks to member banks. Although net shipments probably provide the best indicator of demand that is available, they probably understate actual demand because of Federal Reserve rationing.

The purple lines show that coinage production has not quite kept pace with net shipments, much less with demand. This deficiency has occurred despite the fact that existing facilities have been utilized more intensively; that is, more shifts have been added and more days a week have been worked. This mode of operation is expensive because of shift premiums and payment of overtime for weekends.

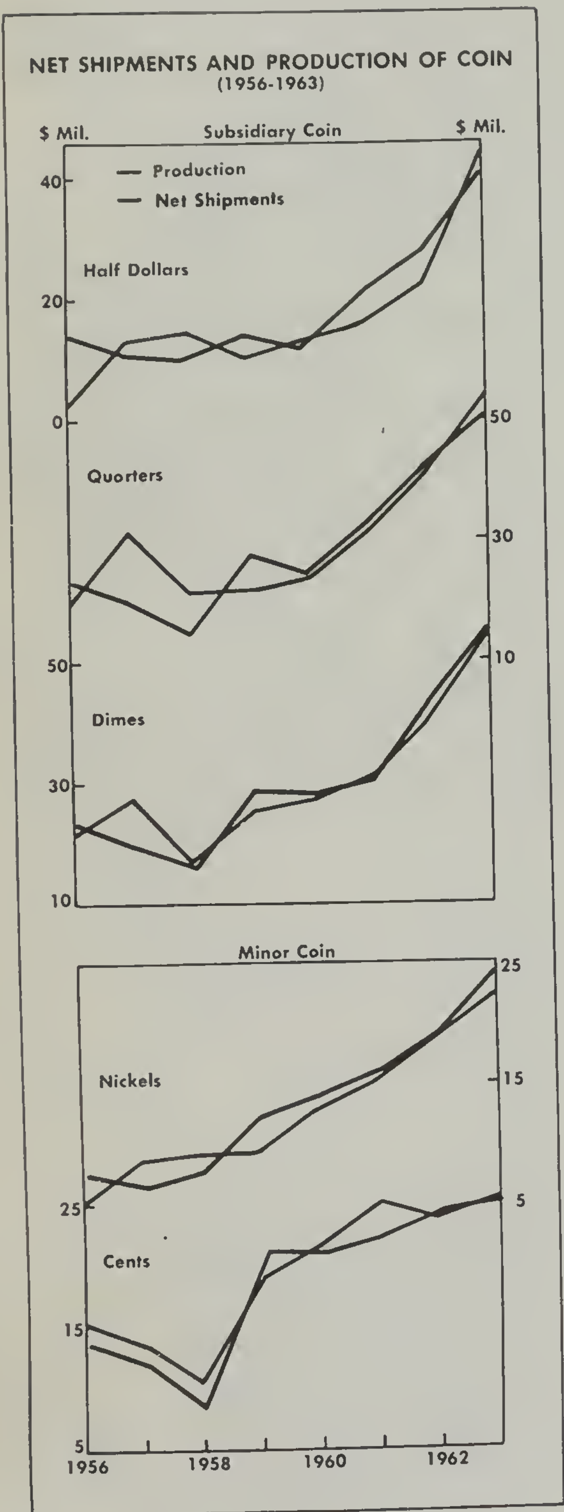
The disparity between net shipments and production has been met by reducing inventories, but obviously this cannot continue indefinitely. The Federal Reserve Banks, which serve as an intermediary between the Mints and the public, must have on hand an adequate inventory of the various denominations of coin to meet seasonal or random shifts in demand. At times in the recent past, some of the Federal Reserve Banks have had to ration certain denominations of coin. This aggravates shortages because it discourages some banks from returning their own excess coin to the System for recirculation.

No one can read the future, but it is fairly safe to assume that the demand for coin will continue to increase. The Arthur D. Little Company, which recently conducted a study for the Bureau of the Mint, predicted that new demand plus necessary inventory maintenance will amount to 4.1 billion coins in fiscal 1964, 4.3 billion coins in 1967, and 4.9 billion in 1969. When this demand is measured against manufacturing capability, it becomes obvious that existing facilities are inadequate. According to the Little estimates, if existing facilities were operated normally (two shifts, five days per week), total output would amount to only 3.1 billion coins or substantially less than current needs. If three shifts were used and both mints were operated seven days a week, maximum output would still amount to slightly less than 5 billion pieces.

Until new capacity becomes available, the existing facilities will have to be operated at greater-than-optimum rates. As an emergency measure, coinage for foreign governments, which in recent years has amounted to approximately 6% of the total, may have to be curtailed.

Existing Facilities The mint building at Philadelphia was constructed in 1900, and the space it affords cannot house a modern manufacturing process. Of the 3.6 billion coins produced in fiscal 1962, only 1.1 billion were produced in Philadelphia.

The Denver Mint was also erected at the turn of the century, but two major additions have made possible the use of more efficient equipment. As a result, production is significantly cheaper in Denver, where the minting cost per thousand coins is only \$.72 compared with \$1.02 in Philadelphia. Because of its greater capacity and lower cost, the Denver Mint has carried the bulk of the coinage load in recent years. In fiscal 1962, for example, it was operated using three shifts, six days a week; with the blank



annealing process on a seven day basis. The resulting output was 2.5 billion coins.

Although most of the coin has recently been produced in Denver, the greatest demand for coin is concentrated along the Eastern Seaboard. In fiscal 1962 approximately 70% of coin production was delivered to banks nearer Philadelphia than Denver. It follows, therefore, that transportation costs are a significant consideration in developing plans for plant expansion.

Proposed Expansion To meet the demand for coin in the next few years, the Mints will have to operate three shifts, six or seven days a week. The projected demand for coin can be met in this fashion, but this solution is only temporary and also expensive.

Unfortunately, existing facilities do not permit the use of larger, more efficient equipment. The Arthur D. Little study recommended the use of a semi-continuous casting process rather than the book-mold process currently in use, and the use of larger, heavier rolling mills to handle the larger ingots which the semi-continuous casting process will produce. Due to space requirements, this improved equipment cannot be installed in the existing buildings. In its report, the Little Company proposed three possible alternatives: 1) construct a new mint at Philadelphia and install in the Denver Mint a blank annealing furnace, a new rolling mill, and ten stamping presses by rearranging equipment and utilizing space which is no longer used for refining; 2) expand the existing Philadelphia Mint and make the above changes in the Denver Mint; 3) abandon both mints and build a single new mint in some central location. The study recommended that, regardless of the alternative chosen, the facilities be operated on a two shift basis, the least-cost method of operation.

In response to the need for new facilities, Congress last fall authorized the Secretary of the Treasury to acquire suitable building sites, and to construct and equip the buildings needed for the operations of the Bureau of the Mint. No money has yet been appropriated, however.

According to testimony of the Director of the Mint before the Senate Banking and Currency Committee, the Treasury plans to abandon the inadequate Philadelphia Mint and construct a new facility on land in an urban redevelopment area which the Secretary of the Treasury has formally requested the Mayor of Philadelphia to set aside for that purpose. In Denver, the Treasury plans a new addition behind the existing mint on land the Government already owns. Until new capacity is available, the Mint will continue round-the-clock operation of existing facilities.